

## **THE INFLATIONARY IMPACT OF ENERGY PRICES. THE COVID-19 PANDEMIC AND RUSSIA-UKRAINE CONFLICT PERSPECTIVE**

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### **Abstract**

This paper investigates the evolution of the Harmonized Consumer Price Index (HICP) in light of the evolution of the price of electricity and gas, given the economic shocks generated by the COVID-19 pandemic and the Russian aggression on Ukraine, in the European Union and Romania by deploying the Vector Autoregressive model. The results obtained, especially the ones from the variance decomposition and historical variance decomposition show that inflation was generally lower in the first year of pandemics and constantly increased in the second year, while a more significant contribution to inflation was found present since the start of the war in Ukraine relative to electricity and natural gas price. The overall results show that the electricity price has a greater contribution to the HICP evolution than the natural gas price and for Romania, it is found the HICP evolution is more dependent on the evolution of electricity price at the European Union level rather than the national one, whereas in relation to the natural gas price it is noticed that the national one is more relevant.

### **Keywords**

crisis, COVID-19 pandemic, Russia-Ukraine conflict, energy prices, VAR model.

### **JEL Classification**

G01, C19, C01

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