Research Title: Inflation In Pakistan: Money Or Oil Prices

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Abstract: The study attempted to investigate the determinants of inflation in case of Pakistan and to check the validity of monetarist stance that inflation is always and everywhere a monetary phenomenon by investigating the impact of oil prices, M2 and GDP on prices. The descriptive analysis shows there is strong correlation between money supply and prices and also between GDP and prices while the correlation between oil prices and CPI is (0.60) less as compare to other variables. All variables are I(1). The important finding of the paper is that oil prices have short run impact on inflation whereas money supply is the long run determinant of inflation in case of Pakistan.