Volatility Spillover in Commodity Markets

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Volatility is one of the most important instruments in economics and finance. Prices of commodities have shown large fluctuations. High volatility of one commodity today may impact the volatility of another commodity tomorrow. In this paper, I apply the Ljung-Box Q test using the GARCH (1,1) model estimated by Quasi-Maximum Likelihood (QML) to find volatility spillover among auto and steel industry, coal and oil industry, food and agriculture industry, toys and gold industry, as well as agriculture and gold industry from a large dataset containing 49 different industries based on the daily returns and price index from 2010 to 2019.