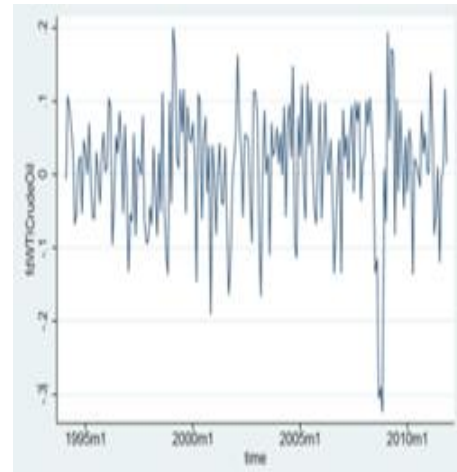
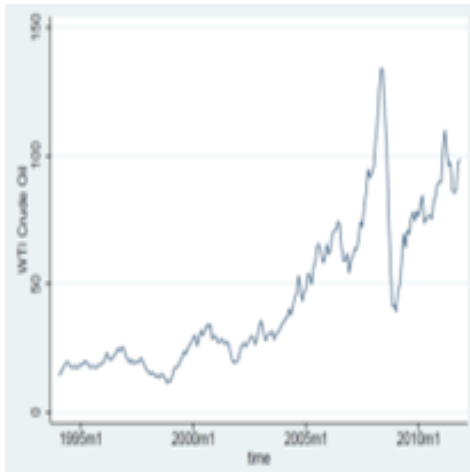


Appendix D



Graph WTICrudeOil nonstationary (left) and stationary (right)

Figures 1

Source	SS	df	MS
Model	1.33731069	10	.133731069
Residual	.146958505	203	.000723934
Total	1.4842692	213	.0069684

Number of obs = 214
 F(10, 203) = 184.73
 Prob > F = 0.0000
 R-squared = 0.9010
 Adj R-squared = 0.8961
 Root MSE = .02691

fdWTICrudeOil	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
fdSP500	.0454361	.0421975	1.08	0.283	-.0377655 .1286377
fdOPECBasket	.9214952	.0225405	40.88	0.000	.8770516 .9659387
STDemandVar	-.0056234	.1699795	-0.03	0.974	-.3407752 .3295284
STSupplyVar	-.042183	.1685802	-0.25	0.803	-.3745757 .2902096
fdPriceofgas	.0117188	.0143808	0.81	0.416	-.0166361 .0400737
GeopoliticalEvents	.0172286	.0079162	2.18	0.031	.0016201 .0328371
WarsinMiddleEast	-.0057044	.0071582	-0.80	0.426	-.0198183 .0084095
WarsinAfghanistan	.0035914	.0073064	0.49	0.624	-.0108148 .0179976
TerroristicAttack	-.0085161	.0108382	-0.79	0.433	-.029886 .0128538
EconomicCrises	-.020909	.0094774	-2.21	0.028	-.0395958 -.0022222
_cons	.0006987	.003014	0.23	0.817	-.0052441 .0066415

Output First Regression

Table 2

Source	SS	df	MS	Number of obs = 71		
Model	.00184774	9	.000205304	F(9, 61) =	9.75	
Residual	.001284643	61	.00002106	Prob > F =	0.0000	
				R-squared =	0.5899	
				Adj R-squared =	0.5294	
				Root MSE =	.00459	
Total	.003132384	70	.000044748			

fdUSrealGDP	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fdPCEBillionsof	.6049314	.1245938	4.86	0.000	.3557906	.8540721
fdGovInvBillionsof	.2803363	.0831113	3.37	0.001	.1141451	.4465275
fdGovExpBillionsof	-.1479536	.0587787	-2.52	0.014	-.265489	-.0304183
fdNetExportsBillions	.0000111	.000019	0.59	0.561	-.0000269	.0000491
WTIxTerroristicattacks	-.0000386	.000085	-0.45	0.651	-.0002087	.0001314
fdWTIxWarintheMiddleEast	.000178	.0001357	1.31	0.194	-.0000932	.0004493
fdWTIxWarinAfghanistan	-.0001411	.0001472	-0.96	0.342	-.0004356	.0001533
WTIxEconomiccrises	-.0000706	.0000278	-2.53	0.014	-.0001262	-.0000149
WTIxGeopoliticalerevents	-3.65e-06	.0000228	-0.16	0.873	-.0000492	.0000419
_cons	.0003196	.001809	0.18	0.860	-.0032978	.0039369

Output Second Regression

Table 3

	fdWTIC~1	fdSP500	fdOPEC~t	STDema~r	STSupp~r	fdPric~s	Geopol~s	Warsin~t	Warsin~n	Terror~k	Econom~s
fdWTICrude~1	1.0000										
fdSP500	0.0874	1.0000									
fdOPECBasket	0.9453	0.0534	1.0000								
STDemandVar	-0.0569	0.0958	-0.0634	1.0000							
STSupplyVar	-0.0770	-0.0327	-0.0699	0.3093	1.0000						
fdPriceofgas	0.2114	0.0578	0.1899	0.2589	-0.1619	1.0000					
Geopolitic~s	-0.1019	-0.0076	-0.1581	-0.0768	-0.0663	0.0231	1.0000				
WarsinMidd~t	0.0081	-0.0180	0.0227	-0.0314	0.0395	-0.0636	0.1002	1.0000			
WarsinAfgh~n	0.0268	-0.0784	0.0338	-0.0092	0.0331	0.0196	0.1000	0.8521	1.0000		
Terroristi~k	-0.0246	-0.1597	-0.0016	-0.0478	0.0447	-0.0983	-0.0468	-0.1822	-0.2138	1.0000	
EconomicCr~s	-0.1069	-0.1824	-0.0563	-0.0042	-0.0832	-0.0802	0.0442	0.0718	0.0860	-0.0385	1.0000

Correlation Variables First Regression

Table 4

	fdUSre~P	fdPCEB~f	fdGovI~f	fdGovE~f	fdNetE~s	WTIxTe~s	fdWTIx~t	fdWTIx~n	WTIxEc~s	WTIxGe~s
fdUSrealGDP	1.0000									
fdPCEBillo~f	0.6848	1.0000								
fdGovInvBi~f	0.1400	-0.0604	1.0000							
fdGovExpBi~f	-0.1725	-0.1547	0.4427	1.0000						
fdNetExpors	-0.4047	-0.6557	0.1533	0.1282	1.0000					
WTIxTerror~s	0.0256	0.0218	0.0326	-0.0857	-0.0235	1.0000				
fdWTIxWari~t	0.3646	0.5351	-0.0779	0.0151	-0.5213	-0.0387	1.0000			
fdWTIxWari~n	0.3735	0.5815	0.0069	0.0072	-0.5312	-0.0406	0.9102	1.0000		
WTIxEconom~s	-0.3431	-0.2681	0.1148	-0.0425	0.2427	-0.0889	-0.0441	-0.0181	1.0000	
WTIxGeopol~s	-0.2659	-0.2595	0.0198	0.1214	-0.0624	-0.1182	-0.1176	-0.1010	0.2362	1.0000

Correlation Variables Second Regression

Table 5

Source	SS	df	MS	Number of obs = 214		
Model	1.33538786	4	.333846965	F(4, 209) = 468.66		
Residual	.14888134	209	.000712351	Prob > F = 0.0000		
				R-squared = 0.8997		
				Adj R-squared = 0.8978		
				Root MSE = .02669		
<hr/>						
fdWTICrudeOil	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fdOPECBasket	.9256926	.0216918	42.67	0.000	.8829297	.9684555
fdSP500	.0506267	.0405325	1.25	0.213	-.0292783	.1305316
EconomicCrises	-.0210426	.0092615	-2.27	0.024	-.0393006	-.0027846
GeopoliticalEvents	.0176481	.0077406	2.28	0.024	.0023885	.0329078
_cons	-.0004298	.0019559	-0.22	0.826	-.0042856	.003426

Output First Final Regression

Table 6

Source	SS	df	MS	Number of obs = 71		
Model	.001843122	7	.000263303	F(7, 63) = 12.87		
Residual	.001289262	63	.000020464	Prob > F = 0.0000		
				R-squared = 0.5884		
				Adj R-squared = 0.5427		
				Root MSE = .00452		
<hr/>						
fdUSrealGDP	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fdPCEBillionsof	.6115288	.1166838	5.24	0.000	.3783548	.8447028
fdGovInvBillionsof	.2772564	.0814944	3.40	0.001	.1144029	.4401099
fdGovExpBillionsof	-.1461587	.0570166	-2.56	0.013	-.2600973	-.0322202
fdNetExportsBillions	.0000124	.0000175	0.71	0.480	-.0000225	.0000473
WTIXeconomiccrises	-.0000705	.0000265	-2.66	0.010	-.0001235	-.0000174
fdWTIXwarinthemiddleEast	.0001796	.0001133	1.35	0.182	-.0000862	.0004454
fdWTIXwarinAfghanistan	-.0001401	.0001449	-0.97	0.337	-.0004298	.0001495
_cons	.0001225	.0016779	0.07	0.942	-.0032306	.0034755

Output Second Final Regression

Table 7