

Investigating the Effects of Actual Exchange Rate Deviation from Ensuring Price Stability Exchange Rate on Production

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Abstract

Given the rapid exchange rate rise and deviation from the way of ensuring price stability, as well as its adverse effects on the Iranian economy, the study of the effect of this deviation on the macroeconomic variable of production is more important.

In this study, after estimating the deviation of the exchange rate from the exchange rate ensuring price stability, it is attempted to investigate its relation with production in the country using appropriate definitions. The estimation results show that the higher the deviation from the exchange rate than the exchange rate guarantee the stability of prices, the lower the produced variable and the positive impact of capital input variables, intermediate inputs and labor force on positive output. In this regard, one percent increase in short-term exchange rate deviation reduces by 7 tenths of a percent, and in the long run it results in a two hundred percent decline in output.

Keywords: exchange rate; product; ensuring price stability exchange rate; ARDL; deviation exchange rate.

JEL Classification: E23, F31, C01, C13.

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