

Investigating the Effect of Exports on Iran's Economic Growth: A Mixed-Frequency Data Analysis

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Abstract

Economic growth stands as one of the most pivotal macroeconomic objectives for Iran. Consequently, identifying and examining the factors influencing the country's economic growth is of paramount importance. This study employs a Mixed Data Sampling (MIDAS) approach to investigate the impact of exports on economic growth during the period 2004-2023 (1383-1402 in the Persian calendar). The findings reveal that the effect of exports on economic growth is contingent upon the prevailing monetary policy stance and the rate of exchange rate growth. Specifically, the results demonstrate that when low export levels coincide with a contractionary monetary policy and high exchange rate growth, economic growth exhibits a strong positive response to the export situation. Conversely, under an expansionary monetary policy, the response of economic growth to exports is conditional on exchange rate movements. If the exchange rate remains stable amid a high number of exchange rate interventions, economic growth shows little responsiveness to exports. This research underscores that the impact of exports on economic growth is not direct, but rather mediated by the interplay between monetary policy and exchange rate dynamics.

Keywords: Economic Growth; Exports; Mixed-Frequency Data; Exchange Rate.

JEL Classification: F43, O24, C22, C51.

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