

عنوان مقاله:

External Debt and Exchange Rate Fluctuations in Iran : Markov Switching Approach

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خلاصه مقاله:

When External net assets change, a country's money supply and the central bank's debt will change. The exchange rate is much more critical in countries like Iran because a significant portion of the government's revenue comes from the External exchange of natural resources. So, the exchange rate directly influences the government's financial situation, revenues, and costs. As External debt is one of the main financing resources of the budget deficit, thus how it will be spent can positively or negatively affect the exchange rate fluctuations. This research tried to study the effect of External debt on the exchange rate by using a monetary approach to the exchange rate and used time series data for the ۱۹۸۱-۲۰۱۷ period. In addition, due to the nonlinear relationship between the variables based on the LR and BDS test, nonlinear models were used to estimate. The results show that External debt and money supply have positive and significant effects on the exchange rate. So, monetary policy can derivate the exchange rate from its long-run trend. In contrast, the difference between domestic and external production has a negative and significant effect on the exchange rate.

کلمات کلیدی:

Exchange Rate Fluctuations, Exchange Rate Monetary Model, External Debt, Markov-switching model

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