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The Impact of Exchange Rate on Balance of Payment and Economic Growth: An Empirical Evidence from Iraq for The Period of (2004-2019) Using the ARDL Model

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ABSTRACT

One of the most significant tools that are used to guide the country's economic policies in both sides of fiscal and monetary policy, is called exchange rate. The exchange rate plays a vital role in determining and directing any economics for the sake of competition via other macroeconomics variables, for instance; value of money, inflation, economic growth and the level of balance of payments. This research tries to investigate the impact of exchange rate in Iraq on Iraqi balance of payment in one side, and its economic growth on the other side for the period between 2004 and 2019. The research objectives are to examine the trends of Iraqi dinar exchange rate for the mentioned period above and how it affected on the balance of payment, as well as its impact on the economic growth via investigating the Iraqi real GDP. To do this, secondary data were collected through governmental and other official websites. Then, statistical and econometrics tools were used, such as normality, co-integration and ARDL in order to explore and reveal the outcome. The results demonstrated that, any increase in Iraqi exchange rate for the selected period had a positive and significant on BOP and economic growth in Iraq by 13.97% and 9.725 respectively.

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1. Introduction

Nowadays, courtiers around the world are competing each other in order to win global market and motivate more countries to export their goods and services. There are many factors that may affect countries' level of export and import such as; price and value of countries currency, political situation and so on. Increasing countries interdependence considered as one of the major factors that improve their international exchanges and demonstrate the nature of their economy. In addition, every international economic transaction detailed are recorded in the balance of payment (BOP), this is also explaining the degree of economy's interaction with the rest of the world.

The value of items in market are detected by price and the value of currencies are determined through exchange rate. Also exchange rate signifies the number of units of foreign currencies which are exchanged to units of the domestic currency (Chang & Tan, 2008).

Moreover, balance of payment (BOP) contains transactions between citizens and non-citizens during a specific period and all monetary transactions can be recorded in BOP. The exchange rate is to increase performance of the balance of payment. Furthermore, exchange rate joins local price with global price through international trade by its impact on the size imports and exports, exchange rate uses a prevailing power on a country's balance of payments situation. The exchange rate is not only an imperative role but also critical role in influential the nature of local and global economic activities. In home country, one of the most vital monetary policy tools are the exchange that is used to decrease the rate of inflation in a manner stable with the crucial objective of monetary policy. As for overseas economic associations, the importance of the exchange rate is regulated by the fact that it denotes the expenses of production and prices, whether at inside the country or foreign. Accordingly, exchange rate is able to be used as a signal of a competitiveness the balance of payments of a country.

Generally, there is a nexus between the value of local currency and balance of payment even in case of appreciation and depreciation currency. In one hand, devaluation of local currency normally has a positive impact on balance of payment,

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which means there would be a surplus in it due to fall in price of domestic outputs. On the other hand, revaluation in home currency would lead to decline in level of exports.

Examine the exchange rate of Iraqi currency for 16 years on both balance of payment and economic growth is going to be a target in this study, this is because the country has been through many fluctuations between 2004 and 2019.

1.1 Research Objectives

It is obvious that value of money affects the trade between the home country and foreign countries. In general, imports became expensive when currency is weak and vice versa. Hence, the main aim of this study is to reveal the impact of Iraqi exchange rate on the balance of payment and its influences on economic growth as well.

1.2 Research Importance

As far as Iraq has been gone through to many difficulties due to the geographical location and having many natural resources like; oil and gas. It is important to investigate in the impact of exchange rate on Iraqi balance of payment for the period of 2004 to 2019 and showing up to what extend exchange rate affected the economic growth.

1.3 Research Hypothesis

In order to investigate in the impact of exchange rate on both economic growth and balance of payment in Iraqi, the following hypotheses has been set and they would be examined in the research.

H0: There is no nexus impact of exchange rate on balance of payment and economic growth.
H1: The exchange rate is positively effect on balance of payment.
H2: The exchange rate is positively effect on economic growth.

1.4 Research problem

As far as there is a kind of relationship between exchange rate and balance of payment in one hand, and exchange rate with economic growth in the other hand. This topic became an important idea to be investigated in Iraq. For that purpose, the

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following question is raised: To what extend did exchange rate affect Iraqi balance of payment and its economic growth between 2004 and 2019?

2. Literature Review

The role of exchange rate policies has been studied as one of the crucial elements in trade practice. There are some researchers found the significant and insignificant connections even no relationship between exchange rate and balance of payment (BOP).

2.1 Exchange Rate and Balance of Payment

Clark's model in (1973) has been redefined by Hooper and Kohlhagen (1978) and then empirically has been tested. Based on the test there was an insignificant bear impact of fluctuating exchange rate on the volume of trade. Additionally, testing nonlinear econometric models by Bahmani-Oskooee et al. (2016) reported that exchange rate has not only possible to be irrelevant in linear model, but also possible to be relevant in nonlinear model.

Moreover, research has been done to examine the influence of real exchange rate on the Iran's balance of trade from 1997 to 2017. An asymmetric model was used as the speediness of the impact of variations in the exchange rate able to be asymmetric. The consequence of the model nonlinear autoregressive distributed lag demonstrate that a devaluation of exchange rate leads to improvement in the balance of trade, however it worsens in revaluation case. In short run the reaction of the balance of trade was intensely to deprecation of real exchange rate rather than appreciation. Therefore, improvement in trade of balance in short term is easily exist through devaluation of currency (Karime Ghodsi, Stehrer, 2020).

Baldwin and Krugman (1989) implied that the trade balance movement and its adjustment are probably asymmetric. In case appreciation in value of currency, the prediction is that export revenue leads to decline by less than increasing in the occurrence of the same level of currency revaluation. However, after revaluation the new participants into the market of exports might make inflexible competition for firms' establishment. Hence, revenue might be reduced. Another research indicated that the influence of instability of black-market exchange rate on Iran's balance of

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trade. Asymmetric model was used and it implied that volatility of the real exchange rate had an adverse effect on imports and non- oil exports (Bahmani-Oskooee, 2002). In addition, Bahmani-Oskooee and Aftab in (2018) examined that both of appreciation and depreciation of Malaysian currency against the euro. The outcomes revealed that there is an asymmetric influence on bilateral sector of imports and exports between Malaysia and Europe.

Another study in low- and middle-income countries has been done by Ferretti and Razin (1998). They have studied a huge decline in shortage of current account and exchange rate depreciations. Also, they examined those factors that are helpful to forecast the occurrence of a reversal or crisis of currency and how macroeconomic performance was affected by these events. Both national and international factors such as the low reserves and unfavorable term of trade respectively are discovered to generate reverses and crisis of currency. However, both kinds of events are different; a crashing of exchange rate allied with a reduction in the level growth of output and then recover it, however there is no logical confirmation of the growth strike.

2.2 Exchange Rate and Economic Growth

A study in Cambodia concerns the impact of exchange rate on economic growth (GDP) has been carried out. In this study some variables were used such as GDP as the Cambodians economic growth indicator and several explanatory variables such as exchange rate, board money and trade openness, inflation rate and foreign direct investment. The linear regression econometrics model was used which is Ordinary Least Squares (OLS) to forecast the impact of exchange rate on Cambodia's economic growth for the period of 1995-2017. The empirical results implied that both exchange rate and trade openness on gross domestic products was one percent. Exchange rate was directly linked with GDP, but the openness of trade was inversely connected with GDP. However, other mentioned variables such as board money, rate of inflation and foreign direct investment had insignificant influence on Cambodian's economic growth (Vorlak, Abasimi and Fan, 2019).

Notwithstanding the above findings, another study tried to detect the influence variations of exchange rate on economic growth in West African English-speaking

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sates. The source of the data was from World Bank. GDP per capita was used as a dependent variable and exchange rate as an independent variable. The test of Configuration was carried out and implied that there was no heterogeneity problem from the extracted data. Hausman test was used for supporting of the fixed effect technique against the random effect mode. Conversely, there was a negative interconnection between exchange rate and economic development in mentioned states, which was based on the result from OLS and the fixed and random analysis (Hussaini, Aguda Niyi, and Davies, 2018).

Moreover, another research has been done by Kenneth, Jonathan, and Kenneth (2016) concern investigation of exchange rate regime on Nigerian's economic growth and its influences. The method of the generalized moment method (GMM) was used to estimate economic improvement during the period 1970 to 2014. There findings concerned that moderation the system of exchange rate would motivate economic growth of Nigeria and the system of fixed exchange rate in the improper distant future. Additionally, the forecasting of results recommended that Nigerian's general prosperity of economic growth would be restricted at some points of time through the system of fixed exchange rate because the reflection of real exchange rate was correlated inversely with economic growth through the time of the system fixed exchange rate.

3. Methodology

The investigation between real exchange rate and balance of payment considered as one of the main indicators, which realizes the economic position of a country in relation with other countries. This is supported by traditional school when it says depreciation in real exchange rate would enhance the trade balance and as a result the level of employment and output would be expanded. (Iyoboyi and Muftau, 2014).

3.1 Participants and procedures

In order to achieve research objectives, Secondary data were collected from Central Bank of Iraq (CBI) and World Bank for the period of 2004 to 2019. Real exchange rate considered as one of the main independent variables, which directly affect Iraqi balance of payment and its economic growth. In addition, Iraqi imports and exports

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were taken as depended variables that could be expressed as net export a result of subtracting import from export. Beside this, gross domestic product (GDP) was used in order to clarify Iraqi economic growth.

Chinn (2008), mentioned that real exchange rate plays a vital role in macroeconomics as it provides how many bundles must be given up for home country in order to gain one bundle of foreign goods and services. Hence, the significant of real exchange rate occurs as a key player in price investigation among countries, which their financial and economical positions explained.

Second variable in this paper is Iraq's exports and imports for the mentioned period above. Balance of trade in considered as visible part in current account inside the balance of payment. The difference between export and import brings either deficit in balance of trade when level of imports is higher than export or vice versa. (Sloman. Wride and Garratt, 2012).

Finally, GDP is taken as a factor that represent economic growth of a country, but not the economic welfare. Gross domestic product represents the value of finished goods and services that have been produced inside a country regardless to the producers' nationality. (Mankiw, 2010).

3.2 Measures

In this part, the way of classifying the collected data and their analysis would be explained. Due to the collected data from 2004 to 2020, it is clear that time serious is considered as a way to describe and analyze the data. Exchange rate is taken as an independent variable that affect on both balance of trade and economic growth separately. To do this, normality, co-integration and ARDL methods would be used in order to illustrate the level of its impact on them. Moreover, the relationship between balance of trade and economic growth would be examined.

3.3 Data Description

In this part, the collected would be described in order to illustrate the general idea and understanding about the trend of movements of the data from 2004 to 2019.

Based on the chart (1) current account, capital account and balance of payment are demonstrated. It is obvious that Iraqi capital account was recorded its highest point

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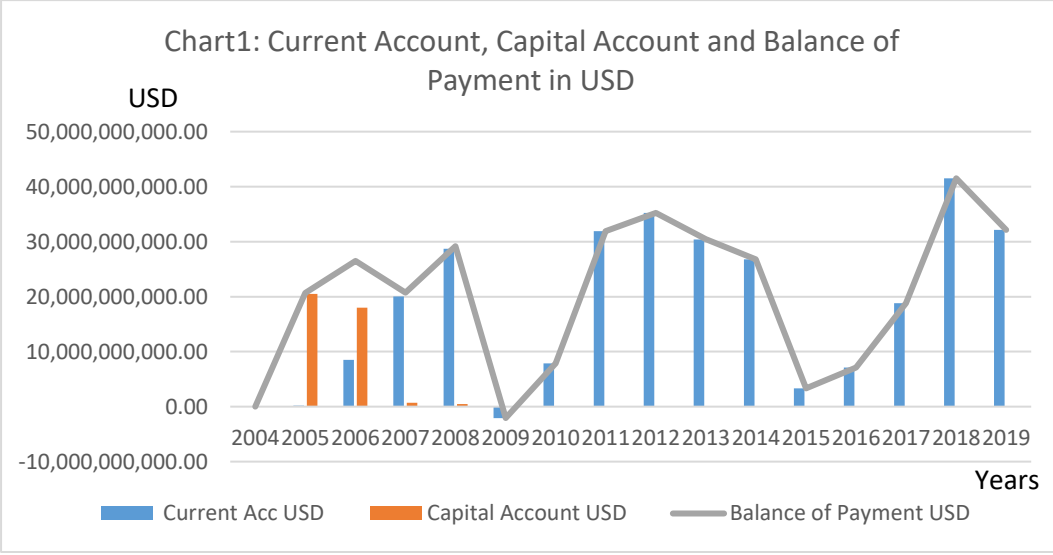
in 2005 when it reached nearly 20.5 billion American dollars, after that it was gradually fell in 2006 and suddenly it dropped to 675 million dollars, then it has recorded several negative amounts between 2014 and 2019.



Moving on to current account of Iraq, its noticeable Iraqi current account only in 2009 dropped to negative 2 trillion USD. In 2018 it reached the pick for above 41,525 million American dollars. From 2009 to 2011 and from 2015 to 2018 there was a dramatic increase in Iraqi current account.

The most significant point is the movement in current account and balance of payment looks parallel, which meant that majority of Iraqi balance of payment relied on the current account not on capital account.

The changes in exchange rate and balance of payment are illustrated in chart (2). The first three years demonstrated that the exchange rate rose, which meant that one American dollar value in term of Iraqi dinar increased. Then the value of Iraqi dinar became stronger until 2012 when it has recorded its strongest point by $1: IQD1166.16. parallel to this, in 2012 Iraqi balance of payment has reached its second highest point by nearly $35,210 million.

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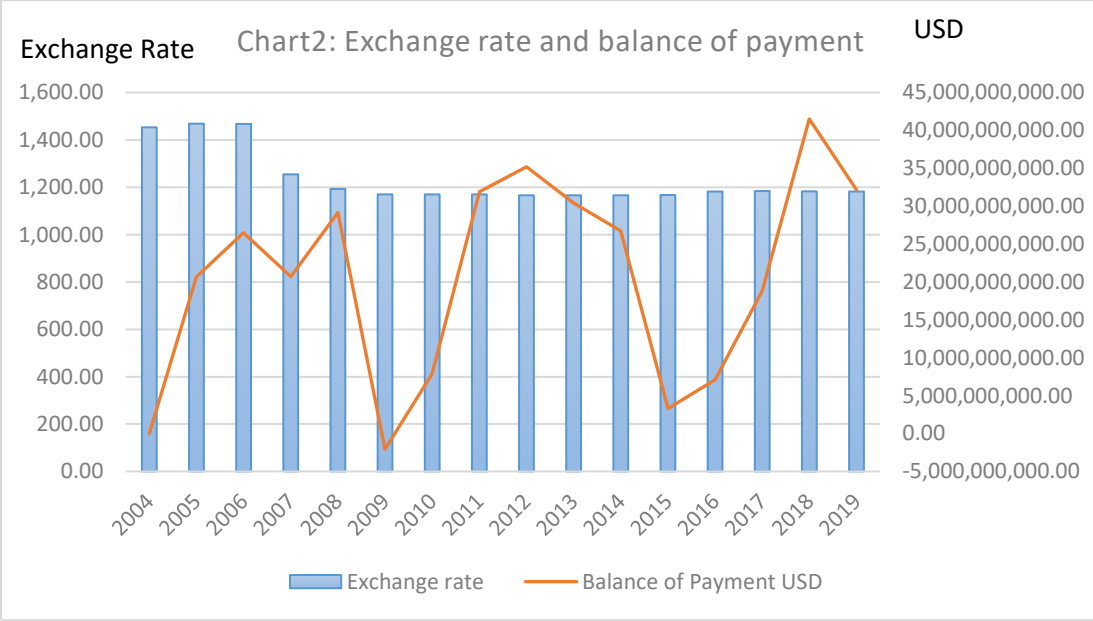
One of the main causes that led to decrease in Iraqi balance of payment from 2013 to 2015 referred to the impact of attacking ISIS in one side and dropping oil price on the other side. (WORLDBANKGROUP, 2018) and (CBI, 2021).



Next chart illustrates BOP and real GDP. Despite the fact that there was a fluctuation in Iraqi balance of payment, its noticeable that the average trend direction was increasing. This is close to the direction of Iraqi real GPD that was rising in a steady way from 2004 to 2019.

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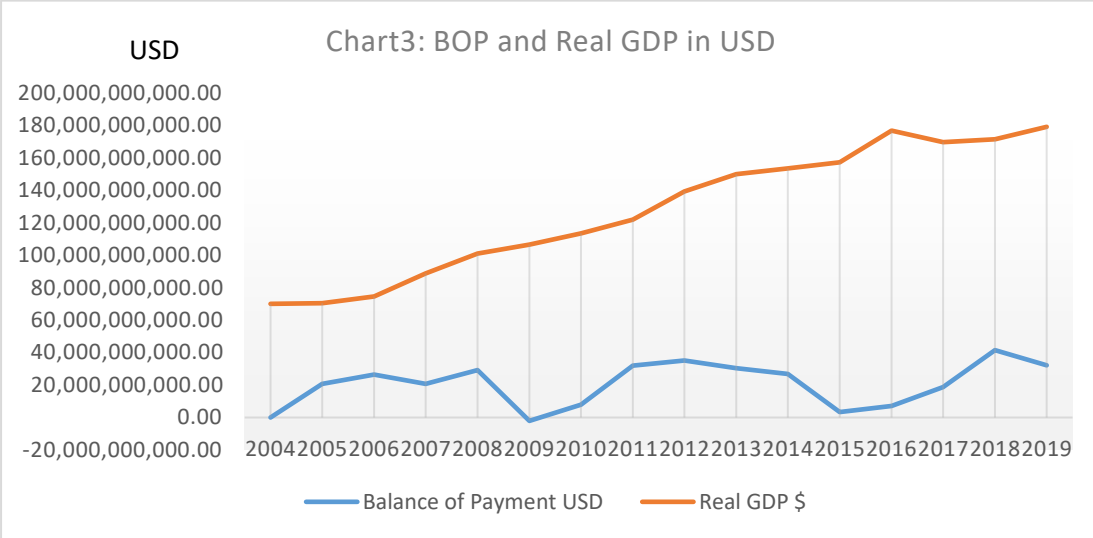

It is obvious that the range of growth rate of RGPD were between %1 and 19% for the research period, except 2017 were the rate fell for nearly %4. This is good indicator that Iraqi real GDP were growing constantly, which represent a economic growth even though it does not strongly related to economic welfare. In several period, Iraqi BOP were rising such as; 2004 to 2008, 2009 to 2011 and 2015 to 2018. However, it has sharply declined from 2008 to 2009 and 2014 to 2015, which might be related to the consequences of financial crisis and ISIS respectively.

4. Empirical Result Analysis

This chapter will analyze the results of this study into the relationship between Iraqi exchange rate and both of GDP and BOP over the period 2004 to 2019. The collected data would be gone via several statistical tests in order to check their reliability and validity, which are going to be explained later. Then, ARDL test was used to demonstrate the level of coefficient as it is considered as one of the most recent methods. It will begin by analyzing the results of the unit root test, cointegration and normality test. That can be illustrated in the following.

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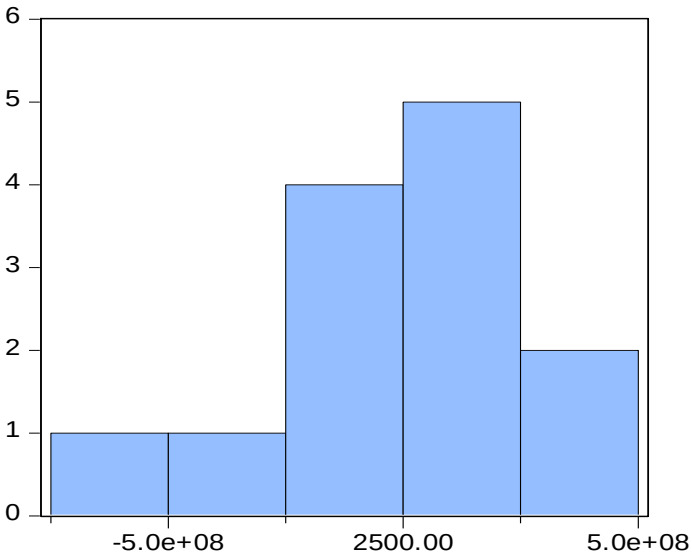
4.1 Normality test

For the purpose of well data distribution in the model and to measure how likelihood the data is, normality test is used. That means, has the data been sampled from a distribution that is closed to the normal.

Chart 4: Normality test for the selected data

Chart 4: Normality test for the selected data



Based on the collected data, it is obvious that the data has been normally distributed because the probability level is bigger that 0.95, that means the data follow the normal distribution and could be relied on. This is confirmed by (Ghasemi and Zahediasl, 2012) and (Mishra et al, 2019).

4.2 The unit root test analysis

In the former chapter, the unit root test was stated in detail before any estimation was made. This test has been done before formative a suitable estimation model which can be used to test the connection between real exchange rate, real economic growth, and BOP in Iraq. In this study, the Argument Dicky Fuller test for a unit root was used to detect whether variables have a unit root or not (Dritsaki et al., 2004).

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The results of the Augmented Dickey-Fuller test are summarized in Table 1. It is clear that logarithms (L) have been considered for all variables in order to include the significant impact of time series data. At the level the null hypnosis cannot be rejected, so the LGDP is not stationary in intercept. On the other hand, in second difference the ADF statistics value of log of GDP is less than the critical value of 5 percent significant level, which is (-3.293102). Its probability value is less than five percent, which is (0.0443). As a result, the null hypothesis can be rejected and LGDP becomes stationary in constant.

Similarly, the ADF value EX at the level after taking log form is (-3.155977), and the probability value of LEX is (0.0453). Both values are a smaller than the critical value of 0.05, so the null can be rejected as this states that LEX is stationary.

In the same way, the ADF statistic value of LBOP at level is (-3.796674), which is smaller than the significant level of 5%. Moreover, the p-value of LBOP is (0.0135), which is less than 0.05. The null hypothesis is not accepted. That means BOP is stationary in the intercept, there is no unit root problem.

Table 1: Augmented Dickey Fuller Unit root test result

Variables		ADF Statistic	p-value	Conclusion
LRGDP	2nd difference	-3.293102	0.0443	Stationary
LEX	Level	-3.155977	0.0453	Stationary
LBOP	Level	-3.796674	0.0135	Stationary
Note: The p-values can be provided as part of the output from the E-views software that was used				

4.3 Johansen Cointegration

According to Greene (2012), for detecting cointegration the test of Johansen was used to the variables are co-integrated or not. The null hypothesis implicit that there is no co-integration, but its alternative assumes that variables are co-integrated. The Johansen test is based on both the Trace statistic and the Maximum Eigen value statistic. There is an unrestricted intercept and two lags used because of the period of the sample that is from 2007 to 2019. Based on the Johansen co-integration test results indicated below.

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The null hypothesis shows no cointegration among variables, according to the result at rank zero the null hypothesis is rejected, that means there is cointegrating between LRGDP, LEX and LBOP because the p-values in the Trace and the Max Eigenvalue tests are less than five percent which are (0.0001). similarly, the result of three tests at both ranks 1 and 2 shows that there is cointegration among LRGDP, LEX and LBOP of Iraq as a result the p-values are less than 5 percent which are zero and (0.0002) respectively. This can be concluded that there is long-run nexus among variables.

Table 2: Johansen test for cointegration
Number of equations = 1
Lag order = in first difference: 1 to 2
Estimation period: 2007 - 2019 (T = 17)
Case 3: Unrestricted constant
The rank number began from zero to two, because there are three variables in this study.

Table 2: Johansen test for cointegration

Number of equations = 1
Lag order = in first difference: 1 to 2
Estimation period: 2007 - 2019 (T = 17)
Case 3: Unrestricted constant
The rank number began from zero to two, because there are three variables in this study.

Rank	Eigenvalue	Trace test	p-value	Max eigenvalue	P-value
0	0.999972	206.8818	[0.0001]	136.901	[0.0001]
1	0.987604	70.69170	[0.0000]	57.07497	[0.0000]
2	0.649165	13.61673	[0.0002]	13.61673	[0.0002]
The rank number began from zero to two, because there are three variables in this study					

4.4 Autoregressive Distributed Lag (ARDL) Cointegration Technique

Regarding to testing the model significant and the level of independent variables contribution on the economic growth, ARDL technique is used as it is considered as one of the most recent models for that purpose. (Nkoro and Uko, 2016).

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Table (3) illustrates the relationship between in depend variable (exchange rate) and the dependent variable (balance of payment). After implementing ARDL methods, the sample size was adjusted from 2007 to 2019. Both R-squared and adjuster R-squared are equal to (0.986828) and (0.977420) respectively, which means that the model is fit for the purpose of the study. In addition, the model is significant because of the probability (F-statistic) is equal to (0.008468) and its smaller than p-value (0.05).

Table 3: ARDL method illustrate the relationship between exchange rate and balance of payment

Dependent Variable: LBOP
Method: ARDL
Date: 05/09/21 Time: 01:07
Sample (adjusted): 2007 2019
Included observations: 13 after adjustments
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (4 lags, automatic): LEXR
Fixed regressors:
Number of models evaluated: 10
Selected Model: ARDL (2, 3)

Variable	Coefficient	t-Statistic	Prob.*
LEXR	**0.139738**	**2.077383**	**0.0664**

R-squared	0.986828	F-statistic	0.008468
Adjusted R-squared	0.977420	Durbin-Watson stat	1.898447
S.E. of regression	0.097099		

Regarding to the impact of exchange rate on Iraqi balance of payment, the results demonstrate that any increase by 1% in the exchange rate the Iraqi BOP would increase by 13.97%, this is confirmed because the probability of exchange rate in equal to (0.0664) and its very close to p-value (0.05).

On the other hand, assessing the impact of exchange rate on economic growth is shown in table (4). Firstly, the selected model is fit due to the R-squared and adjusted R-squared results. Secondly, the significant of the model is proved because of the F-statistic (0.001289) and its less than (5%).

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Table 4: ARDL method illustrate the relationship between exchange rate and real GDP

Dependent Variable: LRGDP
Method: ARDL
Date: 05/09/21 Time: 01:16
Sample (adjusted): 2009 2019
Included observations: 11 after adjustments
Maximum dependent lags: 1 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (5 lags, automatic): LEXR
Fixed regressors: C
Number of models evaluated: 6
Selected Model: ARDL (1, 5)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LEXR	**0.097258**	**2.248359**	**4.325734**	**0.0228**
C	**-16.97945**	**10.83173**	**-1.567566**	**0.2150**

R-squared	0.996153	Prob(F-statistic)	0.001289
Adjusted R-squared	0.987178	Durbin-Watson stat	2.404864
S.E. of regression	0.020659		

Finally, the actual impact of exchange rate on Iraqi RGDP is considered as 1% increase in exchange rate (depreciating home currency) would lead to increase the economic growth of Iraqi by nearly 9.72%.

Hence, it could be said that the depreciation in Iraq's currency in the current situation has a positive consequence in both balance of payment and economic growth. This is because depreciation in home currency makes the local product cheaper in compare to foreign goods and services, which encourage foreigners to come and buy local product and economic activities would be promoted and the level of investment rise. So, it could be noticed based on the results that both hypothesis 1 and 2 have been accepted and null hypothesis was rejected.

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5. Conclusion and Recommendation

5.1 Conclusion

It can be noticed that the significant paramount of stabilized value of currency which is confirmed by exchange rate in economic growth. In addition, uncertainty in economic and disorganized exchange rate policy possibly will cause economic volatility and may cause to create some issues towards slack of macroeconomics performance and economic growth of a country. This study investigated the effect of exchange rate on balance of payment and economic growth in Iraq during 2004 to 2019. The most significant outcomes of the study are summarized below:

Iraqi balance of payment between 2004 and 2019 has been fluctuated and it reached the highest point in 2018 for nearly 41,500 million US Dollar.

Iraqi real GDP has been constantly growing and real the peak in 2019, even though Iraq went through several difficulties.

The exchange rate has positively affected on Iraqi balance of payment by almost 14%.

The exchange rate has positively affected on Iraqi economic growth by 9.72%.

5.2 Recommendation

Following suggestions have been recommended by the study's point of view:

To reach the constancy of the macroeconomic, both of monetary and fiscal policies have to be accurately organized and harmonized. In the case where monetary policy has adjusted expansionary of the governments' fiscal processes should be escaped.

There is an integration of the working of finance sector that would be a vital element to prioritize the policy of exchange rate and initiate from across the International Money Fund.

There is necessity that exchange rate is not be overvalued. As a result of this there is no stability of balance of payment. However, exchange rate should reach the desirable stage, which is equilibrium and maintain its level.

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کاریگەری ڕێژەی ئاڵوگۆڕی دراو لەسەر تەرازووی پارەدان و گەشەی ئابووری: وڵاتی عێراق بە نمونەلە ساڵی (٢٠٠٤-٢٠١٩) بەبەکارهێنانی مۆدێلی ARDL

پـوخـتـه:

یەکێک لە هەرە گرنگترین ئامرازەکان کە لە سیاسەتی ئابووری وڵاتدا لە هەردوو بەشی سیاسەتی دارایی و نەختینەیی بەکاردەهێنرێت، بریتیە لە نرخی ئاڵووگۆڕ. نرخی ئاڵوگۆڕ ڕۆڵێکی گرنگ و زیندوو دەبینێت لە دیاریکردن و ئاراستەکردنی ئابووری وڵات بە ئامانجی کێبرکێکرن لە ڕێگەی گۆڕاوەکانی ئابووری گشتی، بە نمونە: بەهای دراو، هەڵئاوسان، گەشەی ئابووری و ئاستی هاوسەنگی پارەدان (Balance of Payment). ئەم توێژینەوەیە کاردەکات لەسەر دۆزینەوەی کاریگەری نرخی ئاڵوگۆڕی عێراق لەسەر هاوسەنگی پارەدان لە لایەک و گەشەی ئابووری لەلایەکی تردوە بۆ ماوەی ساڵانی ٢٠٠٤ بۆ ٢٠١٩. ئامانجی توێژینەوەکە بریتیە لە لێکۆڵینەوە لە ئاراستەکانی نرخی ئاڵوگۆڕی دینارى عێراقی بۆ ماوەی توێژینەوەکە و چۆنیەتی کاریگەری لەسەر هاوسەنگی پارەدان و ڕەنگدانەوەشی لەسەی گەشەی ئابووری عێراق لەڕێگەی لێکۆڵینەوە لە کۆی بەرهەمی ڕاستەقینەی ناوخۆیی عێراق. بۆ ئەم مەبەستە، داتای پێویست لە سایتی حکومی و پاوەڕپێکراو کۆکرانەوە. پاشان لە ڕێگەی چەند بەرنامەو میتۆدێکی ئامار و ئابووری وەک normality, co-integration و ARDL لە دەرئەنجامی توێژینەوەکە کۆڵرایەوە. ئانجامەکان ئەوەیان نیشان دا کە زیادبوون لە نرخی ئاڵوگۆڕی دراوی عێراقی لە ماوەی توێژینەوەکە کاریگەریەکی ئەرێنی و گرنگی هەبووە لەسەر هەریەک لە هاوسەنگی پارەدان و گەشەی ئابووری عێراق.

تأثير سعر الصرف على ميزان المدفوعات والنمو الاقتصادي: دراسه تجريبية في العراق من فترة ٢٠٠٤ الى ٢٠١٩ باستخدام طريقه ARDL

الملخص:

يُطلق على أحد أهم الأدوات المستخدمة لتوجيه السياسات الاقتصادية للدولة في كلا جانبي السياسة المالية والنقدية، هى سعر الصرف. يلعب سعر الصرف دورًا حيويًا في تحديد وتوجيه أي اقتصاديات من أجل المنافسة عبر متغيرات الاقتصاد الكلي الأخرى، على سبيل المثال؛ قيمة المال والتضخم والنمو الاقتصادي ومستوى ميزان المدفوعات. يحاول هذا البحث تقصي أثر سعر الصرف في العراق على ميزان المدفوعات العراقي من جهة، ونموه الاقتصادي من جهة أخرى للفترة ما بين ٢٠٠٤ و ٢٠١٩. من أهداف البحث هي دراسة اتجاهات سعر

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صرف الدينار العراقي عن الفترة المذكورة اعلاه وكيفيه اثره على ميزان المدفوعات وانعكاساتها على النمو الاقتصادي من خلال دراسة الناتج المحلي الاجمالي الحقيقي للعراق. للقيام بذلك، تم جمع البيانات الثانوية من خلال المواقع الحكومية وغيرها من المواقع الرسمية. بعد ذلك، تم استخدام الأدوات الإحصائية والاقتصاد القياسي، مثل normality, co-integration و ARDL لاستكشاف وكشف النتيجة. وأظهرت النتائج أن أي زيادة في سعر الصرف العراقي للفترة المختارة كان لها أثر إيجابي وهام على ميزان المدفوعات والنمو الاقتصادي في العراق.