



# Using Hierarchical Compatibility Tables to Study the Factors Affecting the Iraqi Dinar Exchange Rate for The Period (2011 – 2018)

.Muna T. Ghafil<sup>\*</sup>, and Wafaa A. Ashour

College of Administration and Economics / Basra University / Basra / Iraq / Statistics Department

## ARTICLE INFO

Received: 27/ 6 /2020  
Accepted: 23 / 7 / 2020  
Available online: 1 /12 / 2020

DOI:  
<http://dx.doi.org/10.37652/JUAPS.2020.14.2.16>

### Keywords:

Hierarchical compatibility,  
Relative risk,  
Ratios test.

## ABSTRACT

The exchange rate is of great importance as it is a link between the local economy and the global economy, and there are many factors that determine the trends of the Iraqi dinar exchange rate against the US dollar. And measuring the extent of the impact of each factor, and the results have shown that the most affecting factor in the exchange rate is the annual inflation rate, where its impact ranges between (1-4) times that of revenue, surplus or deficit, and the interest rate, which shows a clear difference in that effect.

## 1. INTRODUCTION

Most countries are concerned with the necessity of stabilizing the exchange rate of their currencies, and searching for ways and policies that guarantee this stability, which is considered one of the priorities of the monetary policy goals of developing countries. The economic and social stability of the country is affected by the exchange rate, as studying the factors affecting the exchange rate and determining them will give the monetary authorities a wide scope to properly manage these factors. Iraq is one of the countries that aims to control the factors affecting the exchange rate in the service of economic activity and to control these factors as much as possible in order for the exchange rate to go and serve the economy of the country, and economic stability is achieved only with the stability and improvement of the Iraqi dinar exchange rate towards other foreign currencies.

The research included the theoretical side that represents the factors affecting the exchange rate, in addition to explaining the tables of hierarchical compatibility, the practical aspect that dealt with the application of the hierarchical model and the analysis of the results.

<sup>\*</sup>Corresponding author at: Statistics Department/College of Administration and Economics/Basra University / Basra/Iraq, E-mail address : [muna.ghafil@uobasrah.edu.iq](mailto:muna.ghafil@uobasrah.edu.iq).

## 2. RESEARCH IMPORTANCE

The importance of the research comes through limiting the fluctuations of the Iraqi dinar exchange rate and its money from the effects on the value of the national currency and its implications for the internal and external economic activities of the country.

### 2.1. Research objective

Determine the most influential factors in the Iraqi dinar exchange rate.

### 2.2. Research hypothesis

There are a number of factors that affect the fluctuation of the Iraqi dinar exchange rate or support its stability.

### 2.3. The research sample

Statistical bulletins for the Central Bank of Iraq and the Iraqi Central Bureau of Statistics for the years (2011-2018).

### 2.4. The research model

Figure No. (1) represents the research model, as there are four factors that affect the exchange rate, as shown in the figure below

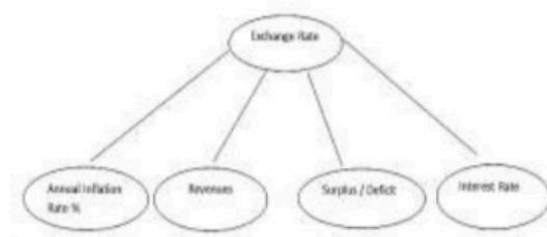


Fig:1: