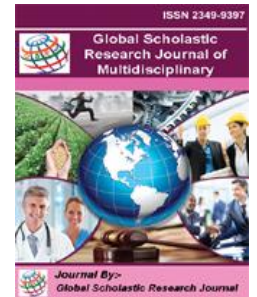




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THE RELATIONSHIP BETWEEN CURRENCY WINDOW, MONEY SUPPLY, AND FOREIGN RESERVES IN IRAQ ECONOMICS 2004-2015

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Abstract

The currency window is the official exchange market in Iraq, at the time. the monetary policy makers intervenes in exchange market to affect the exchange rate positively or negatively by selling or buying foreign currency in direct or indirect way (monetary derivatives), however we have a deferent situations in Iraq, because the disruption of real sector in both sides (public, and privet), and Lack of foreign exchange inflows (except oil returns) as direct or indirect investments because the unstable security and policy situations in the country.

The return coming from oil selling is the only resource for foreign currency supply (in other words, the foreign currency is monopolizes by the government).

The main goal from Window is to finance imports to satisfy the domestic demand of goods and services on one hand, and sterilizing the increasing of money supply causing by government expenditure on other hand. This expenditure turns to increase the purchasing power of individuals causing increase in the imports demand. And as the result of this, the foreign reserves are indirectly depended on the oil price (increasing or decreasing) and the government expenditure size.

Key words: Currency Window, foreign reserves, money supply, government expenditure.

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