Case Study of Effecting the Exchange Rate Punctuation on Iran's Non-Oil Exports

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Abstract: In view of the importance of exchange rates in the forging trade market is particularly important due to fluctuations in the exchange rate. The basic objective of this study is to evaluate the fluctuation of the exchange rate effect exchange rate. The exchange rate is a countries in the so-called say. It is based on a system of fixed rates in different countries and multiple variable or floating management determined that the system in this study, the definition of it. Exchange rate policy regulating the entry and exit of goods, services and capital between a country with other counters to be determined. Exchange market in the world because of the global single currency rates despite exchange rate fluctuations purchases and sale take place at any moment. Since, the banks are the largest participating institutions in exchange market. Acquisition regulation governing these markets, it seems essential. The exchange rate should be through the supply and demand balance of payments deficit or surplus for the payment obligations of each country as well as expectations about future changes will depend on exchange rates.

Key words: Export of non-oil, exchange market, exchange rate fluctuation, markets, payment

INTRODUCTION

Risk arising from fluctuation in exchange rates among issues that are raised as a problem for the economy, especially foreign trade sector and the importance of this issue. So that, the risk of some heavy losses to exporters imported and non-compensatory exchange rate is a variable that were shown direct contact with the external sector of the economy and closely today not only affected the value of the currency of each country's domestic economic policy but also to currency fluctuations on the world market on the value of money and rewardingly is effective forging exchange rate consist of one of the most important variables in determining the price of imports and exports. Fluctuations caused changes in their prices and thereby increases and reduces the amount of foreign trade, on the other hand industrial export industry and a special place in the development process to achieve this goal (Baron and Kenny, 1986), the real exchange rate and the volatility has an important role in the function of this section in general it can be said that the exchange rate and the volatility is one of the most important factors determining the price and competitiveness of industrial enterprises currency and adopting logical solutions employing the correct strategy can guarantee success, currency policy and economic activity, the aim of this study was to determine the effect of fluctuation in the real exchange rate of the export industry is long-term and short-term it obvious that the subject under discussion both in the export

manufacturing sector in the economy and in foreign policy as connecting of particular importance is the national economy with the global economy. Rial exchange rate fluctuations of exports earnings forecasts difficult for exporters and planning for them with problems makes (Chang *et al.*, 2007; Acs *et al.*, 2008; Adams and Sykes, 2003).

Literature review: On the one hand mainly due to look of confidence in currencies and rising risk arising from the change they cause long-term planning impossible and reduced export activity or it will stop (Barney and Wright, 1998).

On the other hand these fluctuations in speculative currency transactions increased incentives and market heath damage. In addition, it is planning to enter goods and services from the location of these currencies also makes disrupted because in the absence of structural barriers it export expansion assuming all other factors constant, if export increase profitability should increase the country's exports. It you have severe exchange rate fluctuations exporters and importers when the contract on the income from exports as well as import costs it would not be accurate to assume the domestic currency. The export and import value of foreign currency when the contract is known but as to when receiving export revenues or until the sale of imported goods is the elapsed time (Byrne, 2009).

Exchange rate fluctuations to the value of exported goods costs of imported goods (in national currency)

strongly affect the revenue and expenses and this can easily be done with time. The main difference between non unprecedented transaction have such a situation can be involved depending on the risk aversion of foreign trade and internal market situation in one the following scenarios result (Davis *et al.*, 2010).

First, some of the importers and exporters in general will be on hand from transactions because they do not endure the danger. Real in com or the price they suddenly change this will reduce the volume of foreign exchange and many goods that have a comparative advantage in world markets will not enter. This will disrupt the collocation of resources and will cause investors to put their capital to work in other channels that are more profitable and less risky (Davoudi and Allahyari, 2013; Chen *et al.*, 2005; Child, 1972; Cochran, 1977; Fartash *et al.*, 2012; Covin and Kuratko, 2008; Covin and Slevin, 1989).

The second category of exporters and importers that their activates do not stop their quest for more profits will own risk and if the benefits granted to them capital and resources to serve not realize that by granting a lower risk of profit they would make. Since, the supply and demand of a country constitutes only a part of the global supply and demand and the pricing power of the state concerned. The prices do not make those involved in domestic trade increased profits by buying cheaper from manufacturers and se expensive, buy more expensive to buy cheaper domestic buyers will be supplied from the manufacturer to reduce incentive to produce and will ultimately reduce the production of export commodities on the other hand sakes to domestic consumers at a higher price to raise prices and domestic inflation will rise (Chen *et al.*, 2005; Cochran, 1977; Covin and Kuratko, 2008).

Therefore, the more risk aversion of forging trade and foreign trade share in GDP is greater exchange rate fluctuation have a greater impact on reducing domestic production. It will raise prices and limit foreign trade in terms of profits and losses not anticipated there will be many but the feeling of stability and safety (which is necessary for planning economic activity) to a large extent will weaken (Child, 1972; Fartash *et al.*, 2012; Dess *et al.*, 1999; Daft, 2006; Tastan and Davoudi, 2015).

MATERIALS AND METHODS

Given that it is essential that this study gathers information for research and ultimately for the chamber of commerce, industries and mines, agriculture, Tehran is thus a method of collecting data will be just a library.

Subject: The study population incudes all countries that iran's exports is done in 92-50 year. Based on estimate the

number is almost 150 counties the variable is 22 year and to select a sample size of total exports last 22 year. We have used to analyze the date-descriptive and inferential-through the software we use SPSS.

Tools: In the present study to collect data from the chamber of commerce, industries and mines and agriculture of Tehran is there fore an the information in this documentary project was written and notes that the aim of the project is an attempt to selection display. The findings set after analyzing the collected data information in the following is set the It shows that data of the describe statistic such as mean, standard deviation and variance, minimum and maximum has been paid. It describes the data in terms of standard deviation and the mean. Amount of variance with the average of the square of the distance or view and probable amount of the expected value is calculated. Compare with an average distribution can be say that it shows the place of mean (average) and said that while the variance is a measure that indicates how scattered. The data about the mean less variance is mean that it is expected that if a sample of the chosen distribution amounting to an average of close. The cumulative frequency of occurrence of a right to be told that their value is bound up those less.

Pearson's correlation coefficient hypothesis is 0/754 considering that the probability values equal to 0/000 correlation coefficient is statistically significant at the 5% level. The effects of exchange rate fluctuations on investments related to iran's non-oil exports will be accepted.

RESULTS AND DISCUSSION

The results showed that the positive effect of exchange rate on non-oil exports and Iran is asymmetric. The fetus had a negative effect of exchange rate fluctuations on Iran's non-oil exports and Iran's non-oil exports in reducing exchange rate volatility and hypotheses there is a positive relationship is confirmed (Cochran, 1977; Fartash *et al.*, 2012; Covin and Kuratko 2008; Covin and Slevin, 1989; Covin and Wales, 2012). This could be due to a sense of asymmetric exporters to cover their risk behavior in this regard, the chamber of commerce sites using survey data collected and total non-oil export earned over 22 year and using the normal test of klm graph-Shapiro research has confirmed the normality of the data then goes on descriptive statistics and histograms expression data and finally using using person's correlation between the effectiveness of non-oil exports due to exchange rate fluctuation examine the results obtained have confirmed the existence of a

positive impact on each other (Fartash *et al.*, 2012). The negative effect of the economic logic of exchange on non-oil exports, mostly in developing countries is said to have expressed it rising exchange rate (depreciate of the domestic currency) reduces the level of domestic production coupled with inflation. Typically depreciation of the domestic currency increased net exports increased aggregate demand channel. But on the other hand the total supply with the cost of intermediate goods and intermediate and capital reduces the net effect on the level of production by this method depends on the scope of the change in demand and aggregate supply (Covin and Kuratko, 2008).

The result can be expected that the positive effective of foreign exchange on non-oil exports have been negative shock that is consistent with previous studies. Iran is one the man problems is that it is not clear what is the economic threshold the economy and economic policy in the country prior to the policy limit order not to be. Studies show that during the years (1370-81) largely adopted the policy of increasing the average exchange rate of 6/58% annual growth in non-oil exports. While the annual average market exchange rate and exchange rate of exchange rate of export growth, respectively 18/97 and 26/28%. The results also suggest that the exchange rate to reduce imports increased by 10% official exchange rate leads to a decrease imports up by 21.3%. However, in analyzing the behavior of imports in the economy should also be noted the dominant role of oil revenues. Since, different years show experience that increased oil revenues cased the increased imports and oil imports dropped against falling revanues. The result confirmed that the exchange rate on macro-economic variables and effective risk and uncertainty and the effects of asymmetric self-leaves in some areas.

Accordingly, it executives considering the country's economic decision markers determine the exchange rate on the markers determine the exchange rate on the market and good economic variables and the unintended effect reduces it (Covin and Slevin, 1989).

CONCLUSION

The results of this study suggest that positive and significant relationship between real exchange rates are non-oil exports. So, appropriate policies in order to mitigate exchange rate, real exchange rate because of the non-oil export boom can play a significant role in the future of manufacturing capacity and achieve economic growth.

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