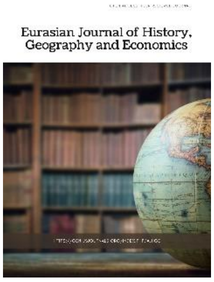

The impact of monetary policy on monetary stability in Iraq for the period (2004-2018)

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ABSTRACT

Monetary policy is an important part of the economic policy to influence the monetary aspect of stabilization, for this reason the research will seek to clarify the extent of the impact of monetary policy in achieving monetary stability in Iraq during the chosen research period, because the Iraqi economy suffers from monetary instability due to political and security turmoil, Therefore, an effective and effective monetary policy is required in terms of reducing inflationary pressures to reach the required monetary stability, in order to create the appropriate monetary environment for the work of the economic and productive sectors. Thus, the research adopted a basic hypothesis that monetary policy in Iraq has a clear impact on achieving monetary stability.

Keywords: Monetary Policy, Monetary Stability, Inflation, Foreign Exchange Rate, Interest Rate.

Introduction

Monetary policy is a set of measures and decisions taken by the Central Bank, with the aim of achieving a set of important effects on the economic and monetary side, including the effect on the indicators and variables that achieve monetary stability, through policy tools and its multiple means used to achieve this stability. Active in confronting the instability in inflation rates and limiting its rise to a level that harms the economic side to have social effects on individuals, and monetary policy may use the foreign exchange rate to achieve monetary stability by stabilizing this price to eventually reflect on price stability, and the policy also uses interest rates. To reduce the gap between the monetary current and the real one by influencing the available liquidity in the economy in order to achieve stability in the economy as a whole.

After 2003, the economic philosophy in Iraq changed towards adopting the market mechanism to be reflected in the policy philosophy of the Central Bank of Iraq, to have wide effects on the monetary and economic situation, especially in terms of determining its priority in achieving stability in the general level of prices through the use of the US dollar exchange rate and the policy rate (interest rate), as intermediate and operational tools and objectives, in addition to indirect monetary tools, in order to influence their ultimate goal, which is to reduce inflation.

The importance of the research: Studying the impact of the measures and reforms of the Central Bank of Iraq through the objectives and tools of its monetary policy on monetary stability in Iraq during the selected research period.

Research problem: The Iraqi economy suffers from monetary instability on the side of the general level of prices, due to political and security turmoil that has monetary, economic and social repercussions, which leads to the need for an effective monetary policy in terms of reducing the increase in inflationary pressures and achieving stability in the monetary and economic aspects.

The aim of the research: to study the extent of the impact of monetary policy in achieving its main goal of achieving monetary stability in Iraq, in order to bring the economy to the desired growth by creating an appropriate monetary environment for that.

Research hypothesis: It stems from the hypothesis that "the monetary policy in Iraq has a clear impact on achieving monetary stability, during the selected research period."

The first topic

A conceptual introduction to monetary policy and monetary stability

First: The concept of monetary policy and its tools: Monetary policy is part of the macroeconomic policy tools, and it is defined as a set of measures and policies that must achieve the desired goals through monetary policy tools by controlling the money supply and demand for it that is subject to the control of the central bank, and the effect is transmitted through a change in the money supply And basic interest rates, as defined as interventions in the foreign exchange markets (for the purpose of changing foreign exchange rates), are a tool of the central bank and its primary purpose is to monitor and effectively influence the rate of inflation with the aim of maintaining price stability.(Vendula Hynková, 1:2013).

monetary policy can also be defined broadly as any policy related to money supply, as it is the measures taken by monetary authorities to influence the quantity of money with the aim of achieving stable prices, full employment and economic growth. The ultimate goal of monetary policy makers is to promote the health of their economy by pursuing their goals of price stability and maximum sustainable production and employment. Thus, monetary policy can also be defined in terms of the formulation and implementation of policies by the central bank, with a view to directing bank lending rates to levels consistent with overall supply elasticity, all of which are set to achieve low rates of inflation and high rates of growth (Bernanke, 1:2003), monetary policy is defined as the stability policy adopted by countries to deal with various economic imbalances. Monetary policy covers the monetary aspect of general economic policy that requires maintaining a high level of coordination between monetary policy and other instruments of economic policy (Akhtar, 23:2006). when the currency is a monopoly under the control of the central bank, or when there is an organized system of currency issuance through banks linked to a central bank, the monetary authority has the ability to change the money supply and thus influence the interest rate to achieve monetary policy objectives (Iordachioaia Adelina, 2:2009) .

The most important tools of monetary policy can be presented as follows: (Handa, 16:2005)

Quantitative Tools (Indirect Tools): it means the tools used by monetary policy to influence the amount of cash and credit in the economy without regard to the type of credit and its uses, among these tools: open market operations, legal reserve requirements, rediscount rate (Handa, 16:2005).

Qualitative Tools (Direct Tools): It means a set of tools used by monetary policy to influence the quality of credit provided by the banking system and the method of granting credit, including: credit ceiling, moral persuasion, direct intervention by the central bank to influence the volume and trends of credit provided (Younis, 141:2001).

Second: Monetary Policy Objectives: monetary policy adopts a set of objectives using its tools and according to the situation in which the economy is going through, among these objectives are the following:

Stability in the price level (monetary stability): the main objective of some central banks is to achieve stability in the level of prices, and reduce their upward trend in order to reach economic stability, because high prices lead to a decrease in the value of purchasing money. This decrease is accompanied by negative effects in the distribution of income and wealth and directing economic resources, as the rise in Prices are in favor of the debtors at the expense of the creditors, which affects the redistribution of wealth between them (Mayer, 489:2002).

Achieving the highest level of use: the Monetary Authority is keen to make economic activity at a high level of employment of natural and human resources. This authority works to take the necessary measures to maintain the stability of economic activity and reduce unemployment rates, by raising the volume of aggregate demand to the level of use required to operate the untapped economic resources (Al-Dulaimi,586 : 1990).

Raising economic growth rates: The role of monetary policy in raising these rates is through its impact on the volume of investments. The changes caused by this policy in the volume of cash reserves in banks and then their impact on the money supply will be reflected in the interest rate that affects the volume of investments (Shendi, 159 :2010).

Improving the balance of payments: monetary policy interferes with the credit activity granted to non-banking economic units in order to reduce their imports, and to reduce the volume of credit granted abroad by banks in the event that the deficit is caused by the investment of funds abroad (Shendi, 160 :2010), then monetary policy controls the internal and external balance.

Achieving stability in exchange rates : Monetary policy works to maintain the stability of foreign exchange rates in order to achieve monetary stability in the country, by limiting monetary excess and its negative effects on the value of the local currency. local versus foreign currency (Al-Janabi, 260 :2009).

Third: Defining monetary stability: Monetary stability is one of the most important goals that the Central Bank's policy seeks to achieve in order to enhance economic activity and achieve stability within the economy. Thus, monetary stability is defined as the monetary situation or the stable monetary environment that monetary policy measures and decisions must provide for the work of economic activity, according to the framework General for the work of the Central Bank and its authority (Al-Siyari, 3 : 2003).

monetary stability expresses the price stability of commodity products, interest rates, and foreign exchange rates over time. This means the proportionality of the monetary mass with the domestic product. The growth of the monetary mass towards rise or fall is not matched by a symmetrical growth in rise or fall in domestic product that will put the economy in a position of imbalance (i.e. lack of stability) (Rahim, 240 : 2006). the monetary stability coefficient has been deduced, which links between the quantity of money (money supply) and the change in the quantities of goods and services produced in an economy. The monetary stability coefficient can be found from the following equation: (Khudair, 245: 2019)

$$\text{monetary stability coefficient} = \frac{\frac{\Delta \mathbf{M}}{\mathbf{M}}}{\frac{\Delta \mathbf{Y}}{Y}}$$

represent $\frac{\Delta \mathbf{M}}{\mathbf{M}}$ the change in the quantity of money (money supply), and $\frac{\Delta \mathbf{Y}}{\mathbf{Y}}$ the change in the quantities of goods and services produced.

If the monetary stability coefficient reaches a correct one, it indicates the achievement of monetary stability. greater than the money supply.

monetary stability is the state in which monetary indicators are at small levels of volatility away from severe shocks. (Marzouk, 31: 2018).

Fourth: variables expressing monetary stability: there are a number of variables that express stability in the monetary aspect of an economy. It is possible to identify the levels of monetary stability from the level of inflation in the economy, and from the interest rate and foreign exchange rates, which we will show in the following form:

1- Inflation level: Inflation is a problem experienced by most countries of the world, as their economies are affected by this problem and hinder the progress of some countries, especially developing ones. Inflation has negative effects on the economic and social situation. Inflation is the continuous rise in prices caused by many reasons, causing large and wide changes at the level of the economy.
from the above it is clear that the problem of inflation is affected by the two sides of the monetary current and the real current (real production), any defect in them or the expansion of the gap between the two currents will lead to an expansion of the level of inflation in the economy, i.e. instability in one of the indicators expressing monetary stability in the economy, so economists and conservatives Central banks believe that monetary policy must be based on a clear base that manages the expectations of individuals and seeks an environment low in the level of inflation and achieving monetary stability. (Moenjak, 78:2014)

2- Interest rate: the concept of the interest rate evolved with the development of the forms and functions of money and expanded its use in economic activity. The classics saw that interest is the price of saving or the equivalent of abstaining from consumption. As for Keynes, he considered interest the price of giving up liquidity and a measure of the extent to which individuals desire to keep cash, which is equal to the desire of individuals to keep wealth. Cash and the amount of money available during a given period of time. (Khalil, 538-528: 1982)
3- Foreign exchange rate : the relationship of the foreign exchange rate with monetary stability is a very complex relationship, where the choice of the appropriate exchange system for the economy is linked to the special conditions of the country's economy. In cases of depression, the exchange process differs from cases of recovery and cases of inflationary pressures. The foreign exchange rate affects imports and production costs of local goods to affect the exported quantities of These commodities, as reflected in investments, operating volumes, and inflation rates . (Marzouk, 31:2018)

The second topic
The impact of monetary policy on monetary stability through its variables in Iraq
First: The measures of the Central Bank of Iraq to achieve monetary stability: after 2003, a set of laws was issued to organize and enhance the monetary role of the Central Bank of Iraq. The new Central Bank Law was issued in 2004 by the then Coalition Provisional Authority, to indicate that the Bank is an independent entity seeking to achieve price stability and stability. (Central Bank of Iraq Law, 21 : 2004), therefore, the Central Bank of Iraq worked on issuing a set of decisions and measures to reach the objectives of its monetary policy, including:
Structuring the Iraqi currency: On 1/15/2004, the Central Bank of Iraq printed a new Iraqi currency based on Coalition Provisional Authority Order No. 43 of 2003. The purpose of the new currency issuance is to enhance public confidence in the Iraqi dinar, facilitate daily transactions, and reform monetary and financial systems in order to achieve economic and monetary stability. (CPA Order, 150: 2003), to provide a suitable environment for the work of the economic sectors.
Liberalizing interest rates: On 3/1/2004, the Central Bank of Iraq liberalized the interest rates in the banking sector to achieve financial liberalization in the markets. The monetary policy interest rate was adopted as an indicative rate (Daghir, 36 : 2014) , to influence the levels of bank liquidity in order to achieve monetary policy objectives .
Adoption of the nominal installer: the foreign exchange rate (the Iraqi dinar against the US dollar), due to the increase in foreign reserves, the Central Bank of Iraq worked on using them in the process of supporting the Iraqi dinar, and achieving stability in the foreign exchange rate for the sake of price stability (reducing and controlling inflation).
Banking reform: the Central Bank of Iraq has adopted a number of reform measures to advance the reality of the banking system and

enhance confidence in this system. The most prominent of these measures are:

Granting licenses to new banks and branches, in addition to granting licenses to money transfer companies, to enhance banking and financial activity in Iraq. (Al-Shabibi, 24 : 2007).

Restructuring the banks to improve their work and develop their services. The Central Bank of Iraq, the Ministry of Finance and the Office of Financial Supervision have worked in cooperation with the US Treasury and the International Monetary Fund to prepare three plans: the operational, financial and strategic plan, which have been implemented since 2007 in order to restructure Iraqi banks. (The Economic Report of the Central Bank of Iraq, 22 : 2009)

Restructuring the Central Bank of Iraq: the Central Bank launched the freedom of external transfer by abolishing the Transfer Control Department, and creating the Anti-Money Laundering, Terrorism and Crime Office. This came to achieve the objectives of monetary policy and enhance its impact on the economic reality (Al-Mashhadani, 138:2012).

Second: The effect of monetary policy on stabilizing inflation rates: monetary policy has taken the goal of stabilizing the general level of prices (inflation rate) as a main goal by influencing the money supply and trying to control its size and trends (Al-Shabibi, 47: 2007). therefore, monetary policy used the two tools of selling foreign currency (the US dollar) and the interest rate in order to influence the money supply and the foreign exchange rate as an intermediate goal to achieve a reduction in inflation rates and then stabilize them at an appropriate level.

It is noticed from Table (1) that the inflation rates tended towards a relative decrease during the period (2004-2018), and the rates at the beginning of the period were relatively high, ranging between (26.9% - 53.2%), then the rates tended to decrease, ranging (6.1% - -2.8%).

Also, the monetary stability coefficient during the period (2004-2013) was greater than the correct one (except for 2012), where the coefficient ranged between (2.1-21.2), indicating that the Iraqi economy faced inflationary pressures, so the inflation rate during the same period reached (1.9% - 53.2%), this came as a result of government spending, which affected the money supply, as it increased during the same period from 10,148,626 million dinars, to 7,383,964 million dinars, and annual growth rates ranged between (12.3% - 40.5%). The monetary stability coefficient recorded an amount less than the true positive one in the years 2012 and 2016. The coefficient reached 0.1 and 0.6, respectively. This indicates that the Central Bank of Iraq was able to control the money supply, which rose at an annual growth rate less than the rise in the growth rate of total output in In those two years, the money supply in the same two years amounted to 63735871 and 75523952 million dinars (respectively), an increase of 2% and 8.5%, respectively, compared to an increase in the total output for the same two years by 162587533 and 208932110 million dinars (respectively), with a rate of An increase of 13.9% and 13.8%, respectively, to record the inflation rate in the same two years of 6.1% and 0.1%, respectively. the years that faced the Iraqi economy were punctuated by the double shock represented by: the shock of the armed groups' control of some Iraqi governorates and the accompanying military operations, and the shock of the drop in oil prices in global markets, which led to a decrease in the money supply in 2014 and 2015 by -1.5,4% -2%, respectively, with a value of 726,92448 and 69613150 million dinars (respectively), and the output decreased in the years 2017 and 2018 by -3.8 and -1%, respectively, and with a value of 2010,59363 and 199,129,299 million dinars (respectively), to reflect this in recording A negative monetary stability coefficient during those years amounted to -7.8, -0.9, -0.5, and -1.1, respectively, indicating that the Iraqi economy faced a state of economic stagnation. Inflation rates recorded a relative decline during those years by 2.2% and 1.4% and 0.1%, 0.2% and 0.4%.

Table (1)
Critical and real indicators affecting inflation rates in Iraq for the period (2004-2018)

Inflation rate (%)	monetary stability coefficient	annual growth rate (%)	GDP at constant prices (2007 = 100))Million dinars(	annual growth rate (%)	money supply)Million dinars(	Years
(6)	= 4 ÷ 2) (5	(4)	(3)	(2)	(1)	
26.9	–	–	101788449	–	10148626	2004
37.0	7	1.7	103568449	12.3	11399125	2005
53.2	6.4	5.6	109368369	35.6	15460060	2006
30.8	21.2	1.9	111455813	40.5	21721167	2007
2.7	4.0	7.5	119802041	29.8	28189934	2008
-2.8	8.3	4.1	124659542	33.7	37700030	2009
2.5	5.8	6.5	132731012	37.3	51743489	2010
5.6	2.8	7.5	142700217	20.7	62475821	2011
6.1	0.1	13.9	162587533	2	63735871	2012
1.9	2.1	7.6	174990175	15.8	73830964	2013
2.2	-7.8	0.2	175335400	-1.5	72692448	2014
1.4	-0.9	4.7	183616252	-4.2	69613150	2015
0.1	0.6	13.8	208932110	8.5	75523952	2016
0.2	-0.5	-3.8	201059363	1.9	76986584	2017
0.4	-1.1	-1	199129299	1.1	77828984	2018

Source:

- Columns (1, 3 and 6) the Central Bank of Iraq, Statistical Bulletins for the period (2004-2018), the General Directorate of Statistics and Research.
- Columns (2, 4 and 5) from the researcher's extract.

Third: The impact of monetary policy on monetary stability through foreign exchange rates: the Central Bank of Iraq, after 2003, adopted the policy of managed floating of the foreign exchange rate through what was previously known as the currency auction (currently known as the currency window).

But the managed float policy was directed towards the policy of stabilizing the foreign exchange rate through the Central Bank's management of the foreign dollar offer, in order to import goods due to the inability of the productive sectors to meet the basic needs, so the contributions of these sectors to the GDP and merchandise exports decreased, which leads to a decrease in imports of currencies. The foreign exchange system leads to a deficit in the currency market and raises the foreign exchange rate to reflect on the deterioration of the value of the Iraqi dinar, so the Central Bank tried to compensate for this deficit in order to achieve exchange rate stability. Oil economics, the diagnosis of the exchange system in Iraq is the target exchange system to achieve stability (Daghir, 38: 2014).

It is noted from Table (2) that the use of the currency window tool by the Central Bank's policy to achieve the stability of the US dollar exchange rate has achieved the goal of this policy during the period (2004-2008). The aforementioned period, the ratio was between (0% - 0.9%), and during the same period, the official exchange rate was recorded between (1193 - 1469) dinars to the dollar, and the market exchange rate was recorded between (1203 - 1475) dinars to the dollar.

after the aforementioned period, the percentage difference between the two prices tended to move away from each other. This percentage recorded a relative increase from 1% in 2009 to 5.4% in 2013. During the period in which the difference between the two prices increased, the Central Bank fixed the official exchange rate. By 1170 and 1166 dinars to a dollar, but during this period, the market exchange rate recorded a relative increase from 1182 to 1233 dinars to a dollar. the currency. After 2013, the ratio of the difference between the two prices tended to relative fluctuation, at times ascending and at other times decreasing, due to the exposure of the Iraqi economy to the double shock that was referred to previously, and to speculation in the foreign exchange market taking advantage of speculators for any security or political turmoil, or by broadcasting The news is that there is a deficit in the central bank's ability to provide the required dollar, so the difference between the two prices ranged between (1.6% - 6.7%) during the period (2014-2018), so that the official price was relatively stable during that period, amounting to 1190 dinars to a dollar, while The market price recorded a relative fluctuation during the same period, ranging between (1209-1275) dinars against a dollar.

Table (2)

The official and market price of the US dollar exchange and the difference between them in Iraq for the period (2004-2018)

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	Years
1190	1190	1190	1190	1188	1166	1166	1170	1170	1170	1193	1255	1467	1469	1453	Official exchange rate (dinars to dollars(
1209	1258	1275	1247	1214	1232	1233	1196	1185	1182	1203	1267	1475	1472	1453	Market exchange rate (dinars to dollars(
1.6	5.4	6.7	4.6	2.1	5.4	5.4	2.2	1.3	1	0.8	0.9	0.5	0.2	0	The percentage difference between the two prices*(%)

Source: Central Bank of Iraq, Statistical Bulletins for the period (2004-2018), the General Directorate of Statistics and Research.

* The percentage of the difference between the two prices = { (the parallel price for a year - the official price for that year) ÷ the parallel price for the same year} x 100.

Fourth: The impact of monetary policy on monetary stability through interest rates: monetary policy after 2004 adopted a new structure for interest rates characterized by high flexibility, whether up or down, to keep pace with economic policy changes. Interest rates in the primary and secondary market, facilities of last resort, and overnight investment deposit rates depend on the policy interest rate as an indicative rate. This rate is appropriate to maintain price stability (Marzouk, 45 :2018).

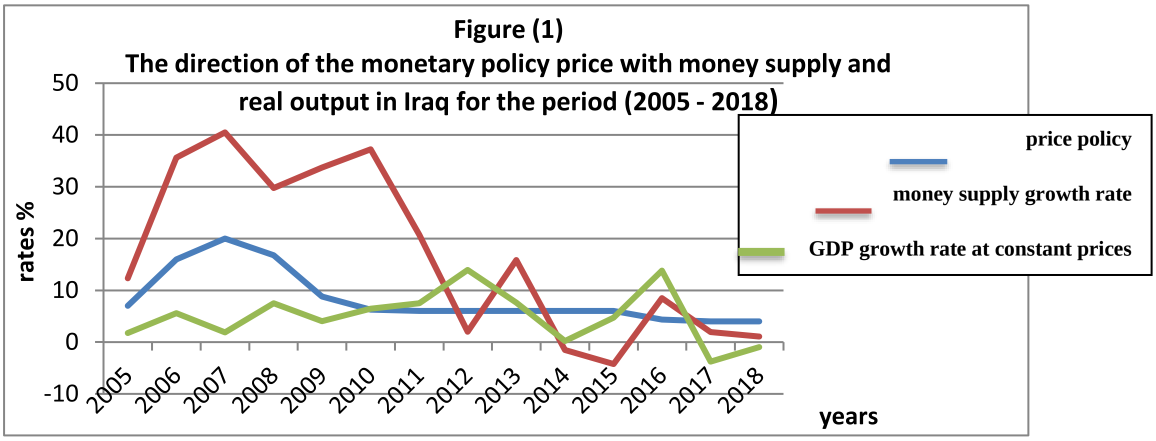
It is noticed from Table (3) that the credit interest rates with different time periods move relatively with the direction of the movement of the monetary policy price, so the policy price was relatively rising during the period (2004 - 2007), so the policy price started at a rate of 6% to rise to 20% (which is considered the highest In the short term it started with 12.7% to rise to 18.78%, and the medium term started with 12.9% to rise to 19.47%, and the long term started with 13.5% to rise to 19.53%. raising the policy rate is to reduce the size of the money supply by influencing the liquidity available to credit-oriented banks, in order to eventually affect the rate of inflation (ie achieving stability). During the period (2008-2018), the monetary policy adopted a policy rate reduction, starting with 16.75% in 2008, declining to 6.25% in 2010, then dropping at a fixed rate of 6% during the period (2011-2015), and continuing to decline to 4.33 Then to 4% the rest of the period, the continuation of the decline in the price of the policy came in order to address the stagnation that the Iraqi economy suffers from. The decrease in the policy rate led to a reduction in the credit interest rates for various terms, bringing the short-term interest rate down during the period (2008-2018) from 19.22% to 12.34%, the medium-term from 19.5% to 12.19%, and the long-term from 19.57% to 13.18%.

Table (3)
The monetary policy rate and credit interest rates according to the time periods in Iraq for the period (2004-2018)

Credit interest rates (%)			price policy (%)	Years
long term	medium term	short term		
13.5	12.9	12.7	6	2004
14.7	14	13.9	7	2005
16.2	15.7	15.1	16	2006
19.53	19.47	18.78	20	2007
19.57	19.5	19.22	16.75	2008
16.47	15.63	16.16	8.83	2009
14.35	13.32	14.35	6.25	2010
13.74	13.57	14.13	6	2011
13.74	13.03	13.87	6	2012
13.61	13.13	13.57	6	2013
13.33	12.54	13.06	6	2014
12.51	12.28	12.29	6	2015
11.94	12.3	12.38	4.33	2016
12.17	12.44	12.57	4	2017
13.18	12.19	12.34	4	2018

Source: Central Bank of Iraq, Statistical Bulletins for the period (2004-2018), the General Directorate of Statistics and Research.

The use of interest rates by monetary policy is to regulate the growth rate of money supply according to the growth of real output, in order to achieve the priority of stability in the rate of inflation, to link interest rates through the indicative rate (the policy rate) to the stability of inflation rates (monetary stability), so the figure was prepared (1) which shows the effect of the policy price on the growth rates of money supply and output. It is generally observed from the figure that the growth rates of money supply are relatively higher than the rates of output growth, especially at the beginning of the study period. This also indicates that the price of the policy had a relatively weak impact on the money supply and output, and this came as a result of the weakness of the banking and financial sector in Iraq, as well as the dominance of the government through its budget over the economy, and the concentration of private sector activities in service aspects such as trade (Daghir, 38 : 2014), which weakened the impact of interest rates on economic and monetary stability in Iraq during the study period.



Source: Prepared by the researcher based on tables (1 and 3).
Conclusions and Recommendations

Conclusions:

1- The Iraqi economy suffered from difficult and exceptional political, economic and security conditions before and after the study period. This was reflected in the monetary variables and their instability, and the inability of monetary policy to achieve the desired monetary stability.

2- The existence of a gap between the monetary and real currents in Iraq, which created a state of monetary instability in some of the studied years within the period. This gap is due to objective reasons and internal and external influences, such as extravagant government spending and consumption, and external competition for the real productive sector (industrial and agricultural sectors).

3- The reform measures of the Central Bank of Iraq in order to achieve its policy goals, represented by the priority of achieving price stability and reducing inflationary pressures, have faced some side effects such as the drop in oil prices, which reduced the effectiveness of the impact of monetary policy in achieving its goals, through the decrease in dollar imports used in The foreign currency window, thus the foreign exchange rate and inflation rates are affected.

4- The convergence between the official and market exchange rates of the US dollar shows the ability of monetary policy to achieve the goal of monetary stability through the rate of inflation, but this matter has a negative aspect in the dollar's exit due to the deficiency of the production system and the failure to meet the local needs of commodities.

5- The use of monetary policy by the interest rate to influence the liquidity of the banking system and then the money supply to achieve monetary stability. The policy was not successful due to the failure to take into account the conditions of the banking system and the orientations of individuals towards this system and their awareness of its importance, which weakened the effect of interest in reaching the required and necessary monetary stability. To provide the appropriate environment for the work of the economic and investment sectors.

Recommendations:

1- Working to create a monetary and economic environment for the work of the productive sector through monetary policy cooperation and harmony with the rest of the financial, investment and trade policies, to bring the Iraqi economy to a level of production that reduces the volume of foreign currency leakage outside the country, by reducing the local demand for this currency to pay the obligations of traders towards imported goods.

2- Reducing the volume of government consumer spending, which reduces the money supply in the Iraqi economy, and limits the rise in the general level of prices, thus achieving monetary stability, through monetary policy tools that target it according to its directions.

3- Work to reform the banking and financial system to increase its economic role, and work to improve individuals' attitudes towards this system and invest their money in it, in a way that enables the decision-maker of monetary policy to influence the economic and monetary situation.

4- Activating the role of the rest of the banking and financial agencies (governmental and private) to enter the foreign exchange market, not only as a buyer but also as a seller through the currency window to retrieve the previous name in the currency auction, in a manner that alleviates the burden on the Central Bank of Iraq and its foreign currency reserves, when trying to achieve stability in the foreign exchange rate.

Issuance of government bonds denominated in US dollars or any other foreign currency. This will affect the exchange rate and interest rate, activate the financial market, and reduce the size of the monetary mass, to ultimately reflect on the stability of inflation rates in the Iraqi economy.

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