IRJABS

The impression of unsecure stock on Import by applying Egarch in Iran country

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ABSTRACT: This paper investigates the effect of exchange rate uncertainty on the Iran import trade's he exchange rate uncertainty series were generated utilizing the EGARCH model. This model analyzes the symmetric effects. The analysis of uncertainty and asymmetry of the exchange rate shows significant EGARCHeffect on Iran exchange rates. The findings of the study indicate that there are significant asymmetric effects on the real exchange rate. Results show negative shocks had greater impact on volatility during the period .In the next stage imports demand function is estimated. There was a long run relationship among real import demand real national income real exchange rate and uncertainty of real exchange rate .Results show significant and negative impact of exchange rate uncertainty on Iran imports and demand is positively affected by real national income. Furthermore significant and negative impact of real exchange rate on Iran real imports is found

*Keywords:*Real import, insecurity, Stock rate, Real income, Egarch

Preface

Import factor is one of the most efficient factors in improving countries like Iran. Most of the improving countries need financial goods to improve their industry. During the most important factors on efficient factors on import is instability of stock rate. Insecurity of stock rate affects importing by different channels. As an instance if the comer cants were scaring from risking they cut their commercial activities though standing in front of and decreasing damages or it can use insecurity of unstable stock rate especially in countries there are not dual bazaar or if there is a long instability of stock rate and it force local producers to import and apply the foreign repertoires and decrease their ability.

In this article we try to analyze the affection of stock rate in Iran during 1959 to 2009 in Iran. Instability of stock rate is one of the independent factors insecurity stock rates we can predict the importing factors.

Background of survey

It is get from the experimental courses that the rate of stock effects on importing vaguely. This affair is expressing that some of searches are telling that a negative relation between the stock rate and importing and some of the others reach to their negative or positive relations.

For example

Godwin and Benson in 2009, Siregar and Rayan (2004), Oskooee (2009) reached the balances of stock rate on importing and in the opposite Agolli (2003), Doyel (2001),and Kroner and Lastrapes (2008) confessed on affecting the rate of stock on importing and trading in developing countries.

In addition Alam (2001), Aristotelous (2001), Kohelhagen (1978) did not report a definite relation between importing and the stock rate.

Most of these studies were done on the developing countries and this in the position that developed countries have less attention to the stock rate.

Generally the results gained depend on the stock rate balances, the time of catching models on importing for example Mohammadi and Taheri (2008) founded that the rate of stock changes have a positive and definite impression on Iran importing.

In this article also the balances of stock change rate would be analyzed in the period of 1959 to 2009

Frame of the survey

The model of Clarck (1973) is one the surveys which studied the effect of stock change balances and the procedure of trading.

He thought about a frame of comparing a fable bazaar which it was sold to foreign bazaar in deposit no production was imported. This thought bring foreign exchange stock and the changes of price of stock exchange take place where the managers decrease their risk and this cause the decrease of exporting.

This basically model designed by Hooper and Kohelkagen (1978) and they reached to the negative relation between stock rate balances and exporting.

Between the reasons of negative relation between trading and stock change we can point to the factor of production change for balancing the stock rate.

When the hypothesis were all defined and the frame work of producing the factor of stock change balance changed to a good opportunity for gaining profit and this subject was analyzed by Conzoneri(1984) and Gros(1987). From one hand if an office can balance its prices of production its profit would go more by stock change balances and in the other hand for decreasing the production risk. If the man is risk able he can increase his profit by tolerating more about the changes of prices.

It seems that the basically models of defining the stock rate have more expression to technical models. In the other words the stock rate in the period of analyzing and affecting by opportunities financing the goods.

THE METHOD OF SURVEY

It is get from the experimental courses that the rate of stock affects on importing vaguely. This affair is expressing that some of searches are telling that a negative relation between the stock rate and importing and some of the others reach to their LIMP: f (LGDP, LREXCH, and UNCERT)
Negative or positive relations.

Model factors

Depending factors
IMP: The amount of importing

Comprehensive factors

Rexch: The real rate of exchange
First stage: The extent of real rate stock of the consumer and it counted by the following formula:

REPCPI= ECPI / CPI

CIP: The index of consumer price in Iran
CPI (OECD) The consumer index in foreign country
E: The rate of local exchange

Insecure rate of exchange (UNCERT)

Stage 2:
In this article we try to analyze the affection of stock rate in Iran during 1959 to 2009 in Iran. Instability of stock rate is one of the independent factors insecurity stock rates we can predict the importing factors.
Rexch: The real rate of exchange
Depending factors
The rate of Iran income
The base of income rate for counting the factors of economical of Iranian central bank was gathered.

Statistic Model

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Immerge of insecure of stock rate

Table1. Modeling LM

Dependent Variable: LM
Method: Least Squares
Date: 12/02/12   Time: 22:49
Sample (adjusted): 1961 2009
Included observation: 49 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.079937	1.038234	-0.076994	0.9390
LR	-0.134781	0.089644	-1.503513	0.1397
LY	1.016877	0.069455	14.64084	0.0000
LZ	0.005762	0.038558	0.149444	0.8819

R-squared	0.848379	Mean dependent var	12.20129
Adjusted R-squared	0.838271	S.D. dependent var	0.750822
S.E. of regression	0.301947	Akaike info criterion	0.520980
Sum squared resid	4.102752	Schwarz criterion	0.675414
Log likelihood	-8.764013	Hannan-Quinn criter.	0.579572
F-statistic	83.93069	Durbin-Watson stat	0.370857
Prob(F-statistic)	0.000000		

Breush gadefry Test

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Because it is as following:
Concerning to Watson camera the model of 1.7879 but you can get the Breush Gadery view/residual diagnostics/serial correlation LM test which they are as the following chart:

Table2.Breushgodefry Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.162661	Prob. F(2,41)	0.8504
Obs*R-square	0.377866	Prob. Chi-Square(2)	0.8278

 The above result is showing the hypothesis HO in the above chart.

The Angel Grenjer Test
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Table3.Angel Grenjer Test
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Null Hypothesis: RESID01 has a unit root
Exogenous: None
Lag Length: 0 (Automatic – based on SIC, maxlag=9)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-6.499233	0.0000
Test critical values:	1% level	-2.615093	
	5% level	-1.947975	
	10% level	-1.612408	

Suggestions
Suggestion for standing in front of balances for correction of banking system depending on the stocking rate for banking system.

 Instability of stock rate is one of the independent factors insecurity stock rates we can predict the importing factors. In this article we try to analyze the affection of stock rate in Iran during 1959 to 2009 in Iran. Instability of stock rate is one of the independent factors insecurity stock rates we can predict the importing factors.

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Making the policy suitable financial decisions
Reforming the budget system
Decreasing the force of deciding
Having the suitable rate of backing the state. With financial backwards with the opportunist people.

Suggestions regarding to importing
Increasing the price of importing by customs and they apply local smuggling and informal importing which this affair lead to anti-inflation and for decreasing the prices.

It used to consume the and above system and it causes the consumption in the society and in the time of decreasing the incomes and it used to and it has got bad physiological effects in the society. The importing makes it double.

Suggestions for further studying
Regarding to this point that Iran importing it is a gap to the insecurity of the stock change rate
Also regarding to this point that most of the country importing is via oil so the rate of stock and the periods of stocking and decreasing growing the oil incomes.

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