

The Impacts of Inflation Volatility on the Bank Lending Scheme

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Abstract

Banks are de facto deemed to be the most important financial intermediaries that may exert the fundamental and per se the crucial role in the economy of each country in toto. In this context, banks as the economic entity may pray to various aggregate macroeconomic shocks and also the endogenous and intrinsic specific particularities of each bank, Sui generis. The inflation volatility is de jure contemplated as a macroeconomic shock which may affect on the lending capacity of banks Viz–a–Viz permutation in the economic environment and accretion of uncertainty, Sine qua non. In this paper, an attempt is made to investigate the impacts of inflationary vicissitudes on the allocation of loans extended by the designated Iranian banks, Ipso facto. However, the pertinent research hypothesis specified that the inflation volatility could inflict the negative and significant impacts on the lending scheme of designated banks Pro rata. Besides, we deployed the panel data of 9 designated listed banks for the study period of 2007-2016. The results of Multivariate Regression prima facie, indicate that the volatility of inflation bears the negative and significant impacts on the allocation of resources for the banks under the study, Quid pro qua. We have also observed that the other independent variables i.e. the bank size and the Non Performing Loans (NPL) have negative effects on the bank lending scheme, A fortiori

Keywords: Bank Loans, Inflation Volatility, Panel Data, ARCH & GARCH Models

JEL Classification Numbers: E31, G21, E51, C23

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Review of Existance of Hysteresis Effects on the Iranian Labor Market – The Differentiation Made by Gender, Regions and Number of Youths

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Abstract

In consonance with the principle of Hysteresis theory, the rate of unemployment is per se, non-stationary and the shocks inflicted on the rate of unemployment consist the persistent impact, Sine die. Nonetheless investigation of results for various unit root tests applied to the rates of inflation in the Iranian economy on a quarterly basis, for the study period of 2005-2018, prima facie, indicate that the rates of unemployment for the whole country as well as the urban areas and also based upon the distinction between the males and females, were stationary, in toto, which de facto, stipulated as the absence of existing Hysteresis effect in the Iranian Labour Market in that period. In other words, we can specify that although the economic shocks or the demand insentive policy may be subject to vicissitudes in the rate of unemployment in the short-run, but the impacts of these shocks shall be faded away in the long run and the unemployment rate will return to its equilibrium trend, Ipso facto. Hence, the reduction of unemployment rates, could be feasible Viz-a-Viz, implementation of supply-side policies, besides the improvement of manufacturing structure of the economy. However, we have observed that the unemployment rates in the rural areas and also among the youth groups were non-stationary during the study period, which demonstrate the existence of Hysteresis phenomena in those rates, Sine qua none.

In this context, we may postulate that, the concerned rates of unemployment have been raised due to impact of economic shocks and the execution of demand-side policies in which their equilibrium rates have uplifted to the higher levels, Sui generis. Thus the government can change the equilibrium corridor of unemployment rates through imposing the demand – side contrivances, A fortiori.

Keywords: Hysteresis, Equilibrium Rate of Unemployment, Unemployment Rate, Unit Root, Stationary.

JEL Classification Numbers: C22, E24, J64.

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Evaluation of the Multidimensional Poverty Index In the Urban Society of Iran

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Abstract

Eradication of poverty and deprivation incidences are de facto, deemed to be one of the most significant tasks of any government. Investigation and analysis of income poverty line and the indices derived from it, as the acclaimed and conventional methods for mitigation and supervision of poverty have always been the matter of interest for policy makers, in toto. In this context, the "Multidimensional Poverty Approach" can be de jure postulated as the complementary apparatus to test the poverty incidence more accurately. In this paper, an attempt is made to estimate and investigate the Multidimensional Poverty phenomenon in the urban society of Iran, in consonance with the Alkire and Foster Methodology, for the period 1391-1396. Hence, for this purpose, we have predicated six indices of Standard of Living, Literacy Rate, Housing, Malnutrition, Employment and Medical Insurance Services for estimation of Multidimensional Poverty, Ipso facto. However, to delineate a precise and transparent scenario of poverty condition in the society, these indices have been further disintegrated and per se specified as, city groups, the employment status of family heads and the gender of household heads. Besides, the share of each component in the Multidimensional Poverty Index has been estimated and in turn the relations between the calculated index and the concerned income groups have been evaluated. The results prima facie indicate that the Multidimensional Poverty Index has been diminished during the period under the study, Pro rata.

Moreover, the results derived from the disintegration of index have stipulated that in small cities and for the female headed households and also the overpopulated households, the intensity of poverty is greater than the condition in which the household heads are indulged in the industrial activities, A fortiori. Nonetheless, we have observed that the Multidimensional Poverty Index has experienced the rise during the course of time and among the low income groups, Sine qua non.

Keywords: Deprivation, Achievement Matrix, Multidimensional Poverty Index, Alkire and Foster Method.

JEL Classification Numbers: I32, D63.

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The Banking Crises and Provision for Recovery Plan - The Case Studies of Brazil and Argentina

By:

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Abstract

The incidences of banking crises are de facto contemplated as the historical experiences of many countries, so that based upon the existing investigations in recent decades, there have been nearly 300 cases of banking crises in different countries, in toto. However, the historical deliberations of the past and current events prima facie, indicate that they may share the analogous features, which per se can pave the way for policy makers to take the propitious measures against the ensuing banking crises. In practice, the banking crises may occur when there will be the price bubble on the assets side and de jure, we shall be witness of exorbitant extensions of credits or the so called "Credit Boom" in the economy, in which it can perpetuate Viz-a-Viz unaccommodative government policy measures to bulwark the financial system and/or delay in the pernicious outbreak of banking crises Sine die. In this context, with respect to unsuccessful thrives of certain countries to repress the crises, the Latin America can be an appropriate instance for encountering the banking crises and in turn the empirical studies of Latin America may ply as a harbinger for deep and precise diagnosis of causes and effects of crises and utilization of auspicious or discomfited measures to impede the crises, Sine qua non.

It is an axiomatic fact that the Latin American countries had traumatic escapade in the post crises era and by dent of restructuring their respective banking systems and adoption of felicitous policies that had been accomplished, they were able to restrain and minimize the vicious menace of crises, Ipso facto. In this paper, an attempt is made to investigate the incidence of banking crises and the modus operandi of bailout for financial rescue of Brazil and Argentina which are axiologically envisaged as major and leading economies of that region, Pro rata. The results of this study stipulate that though the procedures for bailout plan of any country in the time of banking crises may differ from each other which are based upon their respective economic circumstances and current exigencies, but, the prompt and apt contrivances may have prosperous and virtual impacts on the financial structure of the economy A fortiori. Besides, in consonance with the findings of this study, we may formulize the contingent bailout plan for banking network of Iran based upon the experiences of these two countries to facilitate the safe exit from the probable banking crises, Sui generis.

Keywords: Central Bank, Banking Crises.

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Forty Years of Oil Price Fluctuations: Why the Price of Oil May Still Surprise Us

Translated By:

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Abstract

It has been 40 years since the oil crisis in 1973/1974, which also coincided with the emergence of a new regime in the global market for crude oil and free fluctuation of prices in response to the forces of supply and demand *Pro rata*. The crisis deepened when the price of imported oil nearly quadrupled over the course of a quarter, forcing substantial adjustments in oil consuming countries, *Sui generis*. Indeed, the extent to which oil price fluctuations are unexpected depends on how expectations are formed. In this context, we have demonstrated the alternative measures of oil price expectations postulated by economists, policymakers, financial market participants and consumers respectively. In economist premise, we employ *per se* a VAR model specification that includes the real price of oil, global crude oil production, global real economic activity, and vicissitudes in global crude oil stocks. In policymakers' oil price expectation, the natural source of market expectation is the price of oil futures contracts, which *de facto* permit the market participants to lock in today a price at which to buy a fixed quantity of crude oil at a predetermined date in future. This is how the International Monetary Fund (IMF) and many Central Banks of the world may exert their expectations for the oil prices, *in toto*. However, in the case of financial market oil price expectations, the futures prices as measures of market expectations are valid if and only if, they will be adjusted *viz-a-viz* the risk premium which *de jure* denoted as the compensation that arbitrageurs receive for assuming the price risk faced by hedgers in the oil futures market. The consumer's oil price expectations approach insinuates on real price of oil which *prima facie* consists of the current price of oil and an inflation forecast. Thus, it is the rule of thumb presumption of consumers that form their oil price expectations even if their expectations are not accurate *pari passu* with alternative measures of expectations. But, unless we afford to predict the future underpinning of oil price determinants, the stochastic permutation in the price of oil emanated from the unexpected shifts in oil demand or oil supply is ineludible. Though, the distinction between the heterogeneous oil price expectations across the economic agents over the transmission effect of oil price shocks bears significant axiological value, *Ipsa facto*.

Keywords: Oil Market, Oil Crisis, Supply of and Demand for Oil Shocks, Oil Price Fluctuations, Oil Price Expectations.

JEL Classification Numbers: :C52 .D84 .Q41 .Q43 .Q47 .Q55.

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Is China Socialist?¹

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Abstract

It has been 40 years since Deng Xiaoping broke dramatically with Maoist ideology and the Maoist variant of socialism. Since then, China has been transformed. Spectacular growth, powered by the expansion of markets, has made urban China into a mainly middle-class society and lifted hundreds of millions of rural residents out of poverty. Throughout these enormous changes, China has always officially claimed to be socialist. Since 1992, China has called itself a “socialist market economy.” Does the “socialist” label make sense when applied to China today?

Keywords: Socialism, Gross Domestic Product, Market Economies, Local Government, Five Year Plans.

JEL Classification Codes: B14, D31, H41, I38.

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