

Impact of the Exchange Rates and Trade Balance on Inflation Rates in Jordan: An Analytical Study (2005-2020)

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Abstract: The study aimed to analyze the impact of external sector variables (exchange rates and trade balance) on inflation rates in Jordan applying descriptive analytical approach and multiple regression and using time series data from 2005 to 2020. The results of t-test showed that there is a statistically significant effect of the foreign exchange rates and the changes in the Jordanian trade balance on inflation rates. The results of the study showed that the models were able to explain 88% of the changes in inflation rates.

Keywords: Inflation, Trade Balance, Exchange Rates, Jordanian Economy

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