Estimation and Comparison of Core Inflation in Iranian Economy, Utilization of Trimmed Mean and Omission Methods

Yazdan Naghdi, Ph.D*, Masoomeh Motallebi**

Abstract

In this paper, we attempted to measure and compare the core inflation through utilizing the trimmed mean and omission methods for the period of (1978-2012). Using the core inflation as targeted inflation in monetary policy will increase its efficiency, because the core inflation could separate the sustained inflation from the temporary one. The results of this research prima facie indicate that the most appropriate method for measuring the core inflation in Iranian economy is Trimmed Mean method. (it is 80% of median value). We can also, measure the core inflation through omission method, if we exclude certain items i.e. food, tobacco and education from our calculations. On the other hand, we have found that there is a long term relation between foreign exchange rate and core inflation, and also in measuring the core inflation, we cannot omit those groups of goods and services which are more prone to impact of exchange rate and are already included in calculation of consumer price index, because Iran is importer of intermediate goods, and foreign exchange rate will affect on price of manufacturing goods. Thus, we conclude that the exchange rate and housing prices are both permanent components of core inflation measurement and as a result should not be omitted from consumer price index, pro rata.

Keywords: Total Inflation, Core Inflation, Trimmed Mean, Omission Method.
JEL Classification Codes: E31, E52.

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An Analytical Approach for Studying the Poverty in Iran

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Abstract

In this paper an attempt is made to investigate the relation between the poverty as an independent variable and income growth, distribution of income and inflation as dependent variables for the period of (2004-2013). We also estimated the elasticity of poverty indices with respect to income growth, distribution of income and their components ipso facto. It is worth to note that the poverty and distribution of income are measured by FGT (α) and Gini coefficient, respectively. We also focussed on measuring and analyzing the impact of inflation on poverty through evaluating the price elasticity of poverty. Moreover, we calculated a new price index in which by its utilization, one may judge whether price changes are pro-poor or not.

The results of our research prima facie indicate that though the income growth is an important factor affecting the poverty, but the distribution of income variable is bearing more impact on poverty particularly in big cities per se. Nonetheless, we have found that inflation is not a pro-poor factor, and increase in prices of essential goods i.e. food and shelter could deteriorate the conditions of poor people, sine qua non.

Keywords: Poverty, Distribution of Income, Elasticity of Poverty, Pro-Poor Index

JEL: 132, D63.

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The Effect of Ownership Structure on the Share Value of Banks and Financial Institutes: A Panel Data Analysis for Some Listed Companies in the Tehran Stock Exchange

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Abstract

The main objective of current study is to investigate the relation between concentration of ownership and degree of control on share value of banks and financial institutes, listed in the Tehran Stock Exchange. For this purpose, we utilized the Tobin's Q model for testing the hypothesis. The sample comprises of 9 active banks and financial institutes listed in the Tehran Stock Exchange during the period 2008-2013. We also used the panel data to analyze the hypothesis. However to accomplish this study, we focussed on 5 variables as criteria for concentration of ownership and subsequently we estimated different equations on cross sectional and at various turning points bases per se. The results prima facie indicate that the degree of control and concentration of ownership variables are carrying significant impacts on the share value of banks and financial institutes and vice versa, implying that the share value of banks and financial institutes are in turn affecting the degree of control sine qua non, while other variables do not play any role on specifying a significant relation between concentration of ownership and share value of banks and financial institutes. Nonetheless the identification of main shareholder bears no significant effect on this variable, quid pro qua.

Keywords: Corporate Governance, Banks and Financial Institutes, Ownership Structure, Ownership Concentration, Panel Data.

JEL Classification Codes: G34, C32.

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The Evolving Role of the IMF in the Global Economy

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Abstract
Iran is among the first countries which joined the International Monetary Fund (IMF), and as a result, it always tries to play an active role in this International Monetary Institution. However, the organization that we distinguish now, is quite different from the one established in six decades ago. Hence in this paper an attempt is made to expound how the IMF, due to significant developments in global economic environments has transformed its modus operandi from a monetary to a financial institution, to accomplish a wider mandate sine qua non. Initially, the IMF as an institution, had de facto the task of monitoring the stability of fixed exchange rate regime, but at present, it is an organization which oversees the robustness of international payments system and global financial markets quid pro qua.

Keywords: IMF, Global Economy, Performance.
JEL Classification Codes: F50, F53.

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The Analysis of Nature of Letter of Credit

S Hassan Aghamiri[*]

Abstract
The international payments methods are financial instruments and mechanisms through which the buyers of goods and services could de facto pay the cost of concerned transactions to sellers or suppliers. Utilization of these methods viz-a-viz facilitating the commercial deals, are always welcomed by trade activists. The Letter of Credit (LC) is one of the most prevailing methods of payment. Basically, using a method of payment is highly correlated with acquainting its nature and in turn its modus operandi. Thus in this paper, an attempt is made to specify the relation between the letter of credit and other legal institutions per se. In general, there are two approaches which analyze the nature of letter of credit. The first approach will study the letter of credit in the form of concerned contracts, while the second one will propose a new concept of it ipso facto.

Keywords: Letter of Credit, Novation, Havaleh, Delegation, Reliance Theory, Unilateral Undertaking.
JEL Classification Codes:

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The Effectiveness of Central Bank Independence Versus Policy Rules

Translated By:
Mohammad Salarian* ,Sahar Monsef Shemordeh**

Abstract
This paper assesses the relative effectiveness of Central Bank independence versus policy rules for the policy instruments in bringing about good economic performance. It examines historical changes in (1) macroeconomic performance, (2) the adherence to rules-based monetary policy, and (3) the degree of Central Bank independence. Macroeconomic performance is defined in terms of both price stability and output stability. Factors other than monetary policy rules are examined. Both de jure and de facto Central Bank independence at the Fed are considered. The main finding is that changes in macroeconomic performance during the past half century were closely associated with changes the adherence to rule-based monetary policy and in the degree of de facto monetary independence at the Fed. But changes in economic performance were not associated with changes in de jure Central Bank independence. Formal Central Bank independence alone has not generated good monetary policy outcomes. A rules-based framework is essential.

Keywords: MA. Economics, Expert, Economic Accounts Office, Statistical Center of I.R.I.
JEL Classification Codes: E58, O23, F45.

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Central Bank Independence and Macro-prudential Regulation

Translated By:
Mehrdad Rahmani*, Esmaeil Abounoori, Ph.D**

Abstract
We consider the optimality of various institutional arrangements for agencies that conduct macro-prudential regulation and monetary policy. When a Central Bank is in charge of price and financial stability, a new time inconsistency problem may arise. Ex-ante, the Central Bank chooses the socially optimal level of inflation. Ex-post, however, the Central Bank chooses inflation above the social optimum to reduce the real value of private debt. This inefficient outcome arises when macro-prudential policies cannot be adjusted as frequently as monetary. Importantly, this result arises even when the Central Bank is politically independent. We then consider the role of political pressures in the spirit of Barro and Gordon (1983). We show that if either the macro-prudential regulator or the Central Bank (or both) are not politically independent, separation of price and financial stability objectives does not deliver the social optimum.

Keywords: Monetary Policy, Macro-prudential Regulation, Central Bank Independence, Time inconsistency
JEL Classification Codes: C61, E21, G13.

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