WHAT SHOULD BE THE EXCHANGE RATE POLICY REGIME FOR SUDAN?

A complementary Research in Partial Fulfillment of the Requirements for Degree of Master in Banking Studies

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DEDICATION

To those I learned from and those I will learn from

To those who will learn what I Didn't learn

To those who will teach what I learned

And will follow the trace
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Abstract

Sudan as most of developing country characterizes by instable and continuous restructure in economic policies due to vulnerable basis of its infrastructures and inefficient uses of available resources. These conditions reflected in monetary policy as one of the macroeconomic tools.

The study examines the exchange rate policies in Sudan trying to answer the question what is the appropriate exchange rate policy that Sudan can adopt by the authorities to stabilize the exchange rate in the country.

The important hypothesis of the study is that the fluctuations in exchange rate is due to the instability of monetary policies, and the persistent deficit in the balance of payments.

However, the study applied time series methodology through modern statistical test such as integration and co-integration test for data and time series regression models to examine the alternative exchange rate policy regimes & its impact to the exchange rate and the suitable one for Sudan.

To give a complete picture exchange rate should be explained and examined in relation to combination of domestic and foreign macroeconomic variables. If the Sudanese exchange rate explained more by foreign innovations than by domestic fundamentally, a situation of falling Sudanese exchange rate while the domestic fundamentals are sound could be expected.

The main findings and results of the study conclude with the fact that the sustained real devaluations of the Sudanese Pound have been associated with persistent high inflation and contraction in economic activity.

The superior recommendation of the study is that the authorities have to adopt appropriate policies to overcome the problems of internal imbalances (budget deficits) and external imbalances (balance of payments deficits).
ملخص الدراسة

السودان كمعظم دول العالم الثالث يوصف بعدم إستقرار السياسات الاقتصادية وهذا يرجع إلى خلل البنية التحتية وعدم كفاءة إستغلال الموارد المتاحة. هذه الظروف إنعكست في السياسة النقدية كواحدة من أدوات الاقتصاد الكلي.

الدراسة تختبر سياسات سعر الصرف في السودان من خلال النموذج الذي يتناول العوامل الخارجية والداخلية للاقتصاد الكلي لتحديد تأثير كل منها على سعر الصرف حتى يتمكن الباحث من إيجاد السياسة المناسبة التي يمكن أن تتبعها السلطات.

إتبعت الدراسة الطرق الإحصائية الحديثة بناء نموذج مبسط لإيجاد وتحديد السياسة الأقرب لسعر الصرف في السودان.

ومن أهم فرصيات الدراسة أن أهم الأسباب التي أدت إلى تذبذب سعر الصرف في السودان، عدم إستقرار السياسات النقدية والعجز المستمر في ميزان المدفوعات بالإضافة إلى ارتفاع معدل التضخم في التسعينات.

ومن النتائج التي توصلت إليها الدراسة أن تخفيض قيمة الجنيه السوداني مقررة بالارتفاع المستمر في معدل التضخم وتقلص النشاط الاقتصادي.

ووضع الباحث عدة توصيات من أهمها ضرورة تطبيق السياسات المناسبة للتغلب على الخلل الداخلي (عجز الميزان) والخلال الخارجي (عجز ميزان المدفوعات).