Article

The Impact of Inflation and Exchange Rate Fluctuations on the Market Value of Stocks

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Abstract: The research aims to know the impact of the inflation rate and exchange rate fluctuations on the market value of the shares of the companies in the research sample, listed on the Iraq Stock Exchange, and to clarify the type of relationship between fluctuations and market value. Eight companies were selected from the industrial sector in the Iraq Stock Exchange to test the relationship between the inflation rate, the exchange rate, and the market value of stocks over three years and on a monthly level, up to (36) observations. The analysis results revealed a correlation and influence between the variable (inflation rate and exchange rate fluctuations) as an independent variable on the one hand and the variable (market value) as a variable. It is affiliated with some companies in the research sample, using the statistical program (Spss, ver.26). The research included five paragraphs. The first was the research methodology, and the second dealt with the theoretical aspect. The third paragraph referred to data analysis for the two variables. In contrast, the fourth paragraph includes the statistical analysis results, and finally, The fifth paragraph presents the most important conclusions and recommendations.

1. Introduction

The market value of company shares is important to investors as it expresses the maximization of the owners' wealth the higher it is in the financial market. However, economic and political challenges affect the movement of national economies in general and the movement of companies' share prices in the financial markets in particular. Among the influential macroeconomic variables are rates. Inflation and exchange rate fluctuations are, in turn affected by political and economic events. Political events and the economic events that follow them are greatly influential. The period that preceded the research period was characterized by and continues to face political and economic challenges in an influential way, especially the regional and international agendas that restrict relevant decisions. The connection to progress and economic development and the rehabilitation of economic sectors in Iraq. Therefore, inflation and exchange rate fluctuations generally affect prices, including the stock prices of companies whose shares are traded on the Iraqi Stock Exchange. Therefore, this research came to discuss the impact of the variables of inflation and exchange rates every month. For three years, 2021-2023, with some monthly views of 36 views, the research concluded with some conclusions and recommendations.

2. Materials and Methods

The research problem

The research problem is summarized in the difficulties and challenges facing national companies, which reflect their effects on economic activity depending on the type of activity and, in an influential way, which negatively affects the performance of business establishments in general, including specifically industrial companies. The most prominent of these influential variables are inflation rates and price fluctuations. Exchange rates are variables that are also affected by political and economic events. Therefore, the problem of the research is measuring the level of influence of these two variables on the market value of stocks traded on the Iraqi Stock Exchange.

The importance of the research

The importance of the research comes through its treatment of two basic macroeconomic variables affecting economic activity in general and business establishments in particular, which reflects the impact of this on the most prominent concerns of investors, which is related to maximizing wealth in terms of increasing stock prices, which are the capital owned by owners and whatnot. It requires a measure that results from knowing the level of impact to reconsider the administrative and operational policies that contribute to avoiding companies being affected by fluctuations, whether in the inflation rate or exchange rate fluctuations.

Research objectives

The research aims to achieve the following:

1. Contributing knowledge to financial thought and financial management as an important field of business administration.
2. Explaining the effect of the inflation rate on the market value of the shares of the companies in the research sample.
3. Explaining the impact of exchange rate fluctuations on the movement of stock prices in the financial market.
4. Explaining the effect of the variables of the inflation rate and stock price fluctuations combined on the market value of stocks.

Research hypothesis

Main research hypothesis 1

There are positive and significant correlations and influences between inflation rates and the market value of stocks. The following hypotheses are derived from it:

1. There are correlations between inflation rates and stocks' market value.
2. There are influence relationships between inflation rates and stocks' market value.

Main research hypothesis 2

There are positive and significant correlations and influences between exchange rate fluctuations and the market value of stocks. The following hypotheses are derived from it:

1. There are correlations between exchange rate fluctuations and stocks' market value.
2. There are relationships affecting exchange rate fluctuations and the market value of stocks.

Main research hypothesis 3

There are positive and significant correlations and influences between inflation rates and exchange rate fluctuations on stocks' market value. The following hypotheses are derived from it:

1. There are positive and significant correlations between inflation rates and exchange rate fluctuations on the market value of stocks.
2. There are positive and significant influence relationships between inflation rates and exchange rate fluctuations on the market value of stocks.

Research sample

Eight industrial companies were selected to complete their data during the research period extending from the year 2021-2023 and based on monthly views, so the number of views becomes 36 views because the views are monthly, and they are as shown in Table 1 and are as in sequence X1- X8.

Table 1. Sample companies

No.	Company	Code
1	Soft drinks company	X1
2	Al Kindi Veterinary Industries Company	X2
3	Ready-made clothing company	X3
4	Carpet and furnishings company	X4
5	Modern Tailoring Company	X5
6	Al-Mansour Pharmaceutical Industries Company	X6
7	Metallurgical and bicycle industries company	X7
8	Iraqi Dates Manufacturing Company	X8

The theoretical background of the research

Inflation rate

It is the continuous rise in the general level of prices during a certain period. This rise reduces the purchasing power of money due to the decrease in the time value of money, which, the longer the term, the less its value due to the rise in prices, resulting from the increase in inflation rates for no reason. Different, as a short supply of goods offset high prices due to low demand and motives for increasing prices [3].

Therefore, the investor who is aware of the effects of macroeconomic variables and the fluctuations of these variables must take into account these fluctuations and their movements, the most prominent of which are the macroeconomic variables: the inflation rate, exchange rate fluctuations, and interest rates, because the local macroeconomic indicators that often affect stock price movements are fluctuations in prices. Currency exchange, inflation, and interest rates: Very high inflation can disrupt the economy in general because, in addition to reducing purchasing power, currency depreciation can also increase the risk of a decline in the consumer's real income. In investment, high inflation makes investors more cautious in choosing and conducting transactions. Hence, investors tend to wait to invest until the economic situation becomes appropriate to avoid the risks resulting from high inflation. There can be targeted inflation within the direction of monetary policy, even if low and stable inflation has been the main economic policy factor for a long time. Low inflation strengthens the national currency and vice versa. Countries

may resort to devaluing their currencies in the event of an increase in domestic product and with the intention of encouraging other countries to increase the volume of imports, i.e., increasing the country's exports that worked to reduce the national currency for this purpose.

One of its primary goals is that macroeconomic policy has many goals besides low inflation, including high real growth, low unemployment rates, financial stability, excessive trade deficits, etc. However, a central tenet of inflation targeting is that price stability should be the primary long-term goal of monetary currency.

The policy of this focus on price stability is that the national price level is an average of all the prices of goods and services produced during a certain period. Inflation leads to a permanent increase in prices, which is measured by the level of change in prices resulting from being affected by macroeconomic factors, and in the case of deflation, it may decrease. Prices remain constant. Maintaining a low and stable inflation rate is important (Davidson et al., 2020). Inflation negatively affects businesses in all areas of life from an economic standpoint, and for people, wage earners, taxpayers, and consumers, goods are generally affected. Inflation rate in terms of rising prices and decreasing purchasing power.

Exchange rates

Exchange rate systems can be classified as fixed rate, free-floating managed floating or linked to a fixed rate system, and exchange rates. A fixed exchange rate may be maintained, or fluctuation may be allowed within narrow limits. Market forces determine the exchange rate in the system. Freedom of the exchange rate. In the floating system, exchange rates are not restricted by limits but are subject to government intervention if linked to a fixed exchange rate. As for currencies linked to foreign currencies, they move in line with that or other currencies [8].

The exchange rate is the number of monetary units of a particular country's national currency in exchange for a foreign currency. Through the exchange process resulting from commercial relations between the two countries and through import and export operations, meaning that a country imports goods from another country and the exporting country requires that payment be in dollars, this means that The national currency should be exchanged for dollars to obtain the amount to be paid, or it is necessary to pay in its national currency, as the Russian Federation did when it imposed payment in rubles on countries that import energy from the Russian Federation. So, it is some monetary units from the importing country in exchange for the exporting country's currency. The number depends. The units exchanged in a particular country's currency depend on the currency's strength, and a strong currency requires that the number of monetary units provided be less than if it were the opposite. The strength of the national currency depends on the country's economic strength and the situation that enhances the currency's strength and investment of available resources and political stability. Financial and security, meaning providing a safe and stable investment environment, and the American economist Friedman emphasizes in his book Capitalism and Freedom that (the instability of exchange rates is a symptom of instability in the basic economic structure, and eliminating this supply by administratively freezing exchange rates does not cure any of the difficulties.

Poor countries face challenges from economically stronger countries, specifically the United States and the European countries allied with it, to harm the economies of developing and poor countries and from the arms of capitalism that serve this group, such as the World Bank and the International Monetary Fund. These two institutions facilitate America and the Europeans in implementing conspiratorial plans against the economies of other countries that are not progressing. The US-European conspiratorial cartel is trying to impose political regimes loyal to it, as happened in some countries, including Arab

countries. Depending on these political and economic events, the exchange rate is affected by continuous fluctuations, including fluctuations affecting all levels.

Market value

Market value is the value determined for assets in a marketplace or location. The value is determined according to the mechanism of supply and demand, that is, the market forces working together in the money market, including sellers and buyers, where both the seller agrees on the selling price and the buyer agrees on the buying price, and prices are determined based on bidding. The greater the number of dealers, the greater the selling price. In other words, the increase in demand increases the value. This leads to a rise in the owner's willingness to sell the shares he offered for sale and the investor's desire to pay their value when purchasing the traded shares [9], and the market value of the shares is affected by several factors. Among them are inflation rates and exchange rate fluctuations due to their direct impact on prices in general. The establishment's value is calculated by multiplying the share price or market value of the share by the number of shares issued. The market price tends to move towards the equilibrium point where the number of sellers, or supply, equals the number of buyers or demand. If the number of buyers increases, the price will trend upward.

Conversely, if the number of buyers decreases or the number of sellers increases, the price tends to decrease. It is important to distinguish between market price and book value per common stock. Book value is the accounting value of shareholders' equity after deducting the company's liabilities from the assets listed on the company's balance sheet. The high market value of stocks does not always mean it is socially acceptable unless the number of shareholders is large. That is why interest is widespread: the number of owners is limited, and interest is concentrated on a limited number. In all cases, the owners are the ones who seek to increase the market value of the shares, and they are affected by variables locally, regionally, and internationally [4].

3. Results and Discussion
Inflation rate analysis

Table 2 shows the inflation rate from 2021 to 2023. Inflation rates varied according to the influencing factors, summarized by the pressing challenges facing the Iraqi economy locally, regionally, and internationally, and the events that Iraq went through, such as wars, sieges, and occupation. Then, there was complete neglect of the economic sectors, which led to the decline of the Iraqi economy. If it were not for oil and its revenues, Iraq would have faced financial crises more severe than the financial crises it suffered in which the Corona epidemic had a great impact. It is the epidemic that paralyzed the economic movement in the world, and the highest average for any month in the year 2021 was 6.8%, an average higher than the 2022 and 2023 averages of 4.98% and 4.6%, respectively. The lowest inflation levels for the years 2022 and 2023 were for the 2nd months of 2022 and reached 4.2%. And 3.4% for May and June of 2023. As for the year, the highest inflation rate was in 2021, where it reached 6.32%, the year affected by the Corona epidemic, then 4.98% in 2022 and 4.6% in 2023, in addition to monetary policies. And unstable finances during the period that followed the year of occupation in 2003. Imported inflation also had a clear impact on economic business facilities in general. The great and clear neglect suffered by industrial companies generally led to increased unemployment rates. It is known that unemployment has major economic and social consequences.

Table 2. Monthly inflation rate for the years 2021 - 2023%

Months	Year 2021	Percentage of change	Year 2022	Percentage of change	Year 2023	Percentage of change
Jan	3.2	--	5.3	-22.6	7.5	69.8
Feb	4.0	25	5.0	-5.7	6.9	-8
Mar	4.3	7.5	5.2	-4	5.3	-23.2
Apr	5.5	27.9	5.3	3.9	5.9	11.3
May	5.6	1.8	5.4	1.9	3.4	-42.4
Jun	6.5	16.1	5.5	1.9	3.4	0
July	7.4	.138	5.4	-1.8	3.5	2.8
Aug	8.2	10.8	4.4	-18.5	3.7	-30.2
Spt	7.3	-11.0	5.3	20.5	3.6	-2.7
Oct	6.8	-6.8	4.5	-15.1	4.1	13.9
Nov	8.4	15.1	4.2	-6.7	4.0	-2.4
Dec	6.85	-18.4	4.3	2.4	4.0	0
Mean	6.32	4.4	4.98	-28.7	4.6	12.6

Source: Prepared by the researcher based on the reports of the Central Bank of Iraq for the years 2021-2023

Analysis of exchange rate fluctuations

Table 3 shows the monthly exchange rates over three years. It is clear from the table that the exchange rate was unstable during the research period. Still, the level of change was not significant during this period, and the Iraqi government raised the exchange rate to 1,450 dinars per dollar after it was 1,200 dinars. For every dollar it is worth noting that the Iraqi dinar was equivalent to 3.333 dollars for every Iraqi dinar when the Iraq-Iran war began, and thus the wars and siege that took place in Iraq for thirteen years, then the American-British occupation, and the beginning of a new phase characterized by political, economic and security instability. Therefore, there is financial instability, and the governments that took power in Iraq do not have clear policies. With the influence of regional and international powers, Iraq has become in a worrying economic situation. Thus, all of this reflects its impact on the sectors of the national economy and its effect on all components of the macroeconomy, including inflation; the exchange rate reached its highest levels in November 2023, reaching 1,603 dinars, and its lowest levels in February of the same year, for every 1 dollar, 1,526 dinars.

Table 3. Monthly parallel exchange rates for the years 2021-2023

Month	2021	Percentage of change	2022	Percentage of change	2023	Percentage of change
Jan	1452	-----	1482	0.54	1598	8.4
Feb	1450	1.4-	1471	-0.74	1526	-4.5
Mar	1450	0	1471	0	1558	2,1
Apr	1474	1.7	1480	0.12	1455	-6.7

May	1486	. 0.14	1480	0	1455	0
Jun	1487	0.67	1485	0.34	1471	1,0
Jul	1475	-0.81	1485	0	1498	1.8
Aug	1475	0	1485	0	1519	1,4-
Sep	1474	0.08	1478	0.47-	1548	1.9
Oct	1474	0	1471	-0.47	1597	3.20
Nov	1480	0.41	1480	0.61	1603	0.38
Dec	1480	0	1512	2.2	1548	-3.4
Mean	1471.41667		1481.667		1531.333	

Source: Prepared by the researcher based on the reports of the Central Bank of Iraq for the years 2021-2023

Analysis of the market value of the researched companies

Tables 4, 6, and 8 show the monthly market value of the shares of the companies in the selected research sample. Company The market value of the company in June of the year 2021 was (16.4000) dinars, and this company topped the companies in the average market value for the three years, where the average for the years 2022 and 2023 was (191.15) dinars. (15,750) dinars per share, on average, respectively, which is higher than the rest of the companies for the period, followed by the ready-made clothing company, whose average market value per share in 2021 was (11,177) dinars, which is the ready-made clothing company, while the lowest average was for the company (x8), which is the Iraqi company for manufacturing Iraqi dates, where the average market value for the years 2021 - 2023 amounted to (1.180), (0.995) and (1.113) dinars, respectively. As for the rest of the companies, the average market value of the company was (x5), which is the Modern Sewing Company, as it reached The average market value of this company for the three years is (6,188), (5,911), and (8,849) dinars, respectively. It is noted that the carpet and furnishings company has the highest average market value, is well-known for the quality of its product, and has been in demand by the consumer throughout its period of operation despite changing political and economic conditions.

The same applies to the ready-made clothing and modern sewing companies, and perhaps had it not been for the rampant importation, the sales and profits of these companies, and therefore the market value and not their shares, would not have been at higher levels. As for the Iraqi Company for the Manufacturing of Dates, it was the lowest in average market value because Iraq is a date-producing country in most governorates, and thus the demand for The company's product is not as dense as the products of other companies, and Tables 5, 7, and 9 show the standard deviation, variance, and beta coefficient, which are measures of risk that this group of companies faced, where the highest standard deviation was (3.203092256). For the company (x3) for the year 2023, the lowest deviation for the company (x8) was (0.043589) for the year 2021, while the highest variance was (10.25980) for the company (x3) for the year 2024, and the lowest variance was (0.004808333) for the company (x2) for the year 2023. As for the beta coefficient, Its highest level was in 2023 for the company (x2), which was (14.421240), and its lowest level was for the company (x3), which was (0.312198). This fluctuation in risk demonstrates the economic instability that this group of companies faces as they operate in an unstable security and political environment. In addition to the coronavirus pandemic, which worked to stop the wheel of the global economy in general, this led to a decrease in demand for oil, the revenues of which for Iraq and other countries constitute a major source of their general budget.

Table 4. Monthly market value of stocks for the year 2021

Company	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Mean
X1	3.520	4.600	4.835	5.070	5.000	5.490	5.620	4.900	4.600	4.530	3.800	4.300	4.6887
X2	1.470	1.600	1.570	1.920	1.600	1.840	1.730	1.500	1.430	1.400	1.390	1.560	1.5841
X3	10.130	10.130	9.500	9.300	9.500	10.400	11.600	12.200	12.800	11.500	14.060	13.000	11.1766
X4	10.60	11.000	12.000	17.250	15.200	16.400	14.200	15.800	16.000	16.400	16.000	9.15	14.1666
X5	6.700	7.400	6.950	6.700	6.800	6.850	6.850	5.150	5.410	5.300	4.850	5.300	6.1883
X6	1.450	1.670	1.800	2.490	2.200	2.830	2.920	2.800	2.910	2.870	2.830	2.840	2.4675
X7	1315	2.750	3.100	2.850	2.890	2.650	2.600	2.500	2.250	2.330	2.430	2.320	2.4987
X8	1.180	1.240	1.220	1.240	1.200	1.230	1.140	1.130	1.170	1.140	1.110	1.160	1.18

Table 5. The arithmetic mean, standard deviation, variance, and beta of the monthly market value of stocks for the year 2021

Company	Mean	Standard Deviation	Variance	Beta
X1	4.6887	0.589167	0.347117	1.697313
X2	1.5841	0.16235	0.026358	6.159518
X3	11.1766	1.515005	2.295239	0.660064
X4	14.1666	2.622843	6.879306	0.381266
X5	6.1883	0.859989	0.739581	1.162806
X6	2.4675	0.521506	0.271969	1.917523
X7	2.4987	0.434214	0.188542	2.303009
X8	1.18	0.043589	0.0019	22.94157

Table 6. Monthly market value of stocks for the year 2022

Company	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Mean
X1	43.30	4.520	4.830	4.630	4.270	4.130	4.120	4.100	4.020	3.940	3.730	4.300	4.1578
X2	1.630	1.650	1.570	1.550	1.510	1.440	1.500	1.400	1.400	1.500	1.400	1.400	1.4125
X3	13.000	13.000	13.000	10.800	9.280	6.500	6.250	5.810	5.700	4.970	5.220	5.350	8.24
X4	14.500	15.300	16.250	16.500	16.600	16.500	16.600	15.800	15.690	14.900	14.900	14.750	15.6908
X5	5.400	5.500	5.550	6.500	6.490	6.300	7.300	5.600	5.600	5.450	5.440	5.800	5.9108
X6	2.780	2.600	2.590	2.670	2.500	2.500	1.6401	1.340	1.380	1.780	1.620	1.530	2.0775
X7	2.870	2.520	2.400	2.600	2.050	2.050	2.000	1.900	--------	2.300	3.000	3.200	2.2408
X8	1.080	1.090	1.080	1.090	1.140	1.000	0.910	0.890	0.840	0.820	1.020	0.980	0.995

Table 7. The arithmetic mean, standard deviation, variance, and beta of the monthly market value of stocks for the year 2022

Company	Mean	Standard Deviation	Variance	Beta
X1	4.1578	0.389741332	0.15189831	2.565804
X2	1.4125	0.248096923	0.06155208	4.030683
X3	8.24	3.203092256	10.25980	0.312198
X4	15.6908	0.763440222	0.58284097	1.30986
X5	5.9108	0.574694967	0.33027431	1.740054
X6	2.0775	0.544406214	0.29637813	1.836864
X7	2.2408	0.417620176	0.17440661	2.39452
X8	0.995	0.102996764	0.01060833	9.709043

Table 8. Monthly market value of stocks for the year 2023

Company	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Mean
X1	3.080	2.950	2.770	3.060	2.850	3.170	3.320	3.130	3.430	3.430	3.470	3.880	3.2116
X2	1.550	1.540	1.530	1.540	1.550	1.450	1550	1.490	1.410	1.510	1.700	1.600	1.535
X3	4.700	4.500	4,350	5.190	3.900	5.100	4.650	4.300	5.170	4.600	4.550	4.500	4.6258
X4	15.400	14.800	15.000	15.000	15.000	17.000	14.500	14.900	15.700	14.500	15.000	15.000	15.15
X5	7.100	7.000	7.500	8.750	9.050	9.500	8.900	9.600	10.990	9.000	9.050	9.750	8.8491
X6	2.170	2.140	2.130	2.120	1.930	1.830	1.800	1.780	1.770	1,790	1.790	1.790	1.92
X7	3.050	2.780	2.780	2.800	2.700	2.300	2.450	2.300	2.160	2.380	2.200	2.350	2.5208
X8	1.060	1.020	0.980	0.930	0.870	0.900	0.920	0.990	1.100	1.400	1.600	1.580	1.1125

Table 9. The arithmetic mean, standard deviation, variance, and beta of the monthly market value of stocks for the year 2023

Company	Mean	Standard Deviation	Variance	Beta
X1	3.2116	0.297708844	0.088630556	3.358987
X2	1.535	0.069342147	0.004808333	14.42124
X3	4.6258	0.364290597	0.132707639	2.745061
X4	15.15	0.640962817	0.410833333	1.560153
X5	8.8491	1.110446294	1.233090972	0.900539
X6	1.92	0.160831174	0.025866667	6.21770
X7	2.5208	0.275241056	0.075757639	3.633179
X8	1.1125	0.251201281	0.063102083	3.980871

Statistical analysis

The main hypothesis (1) states: "There are positive and significant correlations and influences between inflation rates and the market value of stocks."

Analysis of the correlation and impact of the inflation rate on the market value of the companies in the research sample for the three years 2021-2023.

Table 10. The correlation and impact relationships for the inflation rate variable and the market value variable for the companies in the research sample

Inflation rate						
The market value of companies	R	Adjusted R Square	Calculated T value	R2	Beta	Sig.
X1	0.364	0.107	2.276	0.132	0.364	0.029
X2	0.083	0.022	0.487	0.007	0.083	0.629
X3	0.537	0.268	3.715	0.289	0.537	0.001
X4	0.178	0.003	1.055	0.032	0.178	0.299
X5	0.562	0.295	3.958	0.315	0.562	0.000
X6	0.745	0.542	6.515	0.555	0.745	0.000
X7	0.189	0.007	1.121	0.036	0.189	0.270
X8	0.019	0.029	0.112	0.000	0.019	0.912

Source: Prepared by the researcher based on the program (Spss, ver.26)

The results in Table 10 indicate that there is an acceptable and positive correlation between the two variables (inflation rate and market value) for companies (ready-made clothing, modern tailoring). The correlation was (0.562 and 0.537), respectively, for Al-Mansour. In contrast, there was a correlation for the company (Pharmaceutical Industries). The correlation is good and positive. The correlation was (0.745), and there is an effect of the first variable (inflation rate) on the second variable (market value) for the mentioned companies, where the level of significance was, respectively, (0.000, 0.000, 0.001), which indicates the acceptance of the first hypothesis that "There are positive and significant correlations and influence between inflation rates and the market value of stocks." for the three companies above, and this is not acceptable for the rest of the companies.

As for the main hypothesis (2) states: "There are positive and significant correlations and influences between exchange rates and the market value of stocks."

Table 11. The correlations and influence of the exchange rate variable and the market value variable of the companies in the research sample

Exchange prices The market value of companies	R	Adjusted R Square	Calculated T value	R2	Beta	Sig.
X1	0.424	0.156	2.732	0.180	0.424	0.01
X2	0.031	0.028	0.179	0.001	0.031	0.859
X3	0.505	0.233	3.414	0.255	0.505	0.002
X4	0.121	0.014	0.708	0.015	0.121	0.484
X5	0.448	0.177	2.921	0.201	0.448	0.006
X6	0.198	0.011	1.180	0.039	-0.198	0.246
X7	0.066	0.025	0.387	0.004	0.066	0.701
X8	0.405	0.140	2.586	0.164	0.405	0.014

Source: Prepared by the researcher based on the program (Spss, ver.26)

The results above indicate an acceptable and positive correlation between the company's two variables (exchange rates and market value) (ready-made clothing). The correlation was (0.505), and there is an effect of the first variable (exchange rates) on the second variable (market value) for the company above, where the level of significance (0.002), which indicates acceptance of the second hypothesis, which states: "There are positive and significant correlations and influence between exchange rate fluctuations and the market value of stocks." for the company (ready-made clothing) and not accepting it for the rest of the companies.

The main hypothesis (3) states: "There are positive and significant correlations and influences between inflation rates and exchange rate fluctuations on the market value of stocks."

Analysis of the correlation and impact of the inflation rate and exchange rates on the market value of the companies in the research sample for the three years 2021-2023.

Table 12. The correlation and influence of the two variables, inflation rate, and exchange rates, on the market value variable of the companies in the research sample

Inflation rate and exchange rates — The market value of companies	R	Adjusted R Square	Calculated T value	R2	Beta	Sig.
X1	0.543	0.252	2.757	0.295	0.543	0.003
X2	0.091	0.052	0.206	0.008	0.091	0.873
X3	0.716	0.483	3.899	0.513	0.716	0.000
X4	0.221	0.009	0.775	0.049	0.221	0.436
X5	0.698	0.456	3.328	0.487	0.698	0.000
X6	0.761	0.553	6.502	0.579	0.761	0.000
X7	0.204	0.016	0.456	0.042	0.204	0.495
X8	0.408	0.116	2.563	0.166	0.408	0.050

Source: Prepared by the researcher based on the program (Spss, ver.26)

The above results indicate that there is an acceptable and positive correlation between the two variables (inflation rate and exchange rates) on the one hand as an independent variable and (market value) on the other hand as a dependent variable for the (soft drinks) company. The correlation was (0.543), and there is a good and positive correlation between The two variables (inflation rate and exchange rates) on the one hand as an independent variable and (market value) on the other hand as a dependent variable for companies (ready-made garments, modern tailoring, Al-Mansour Pharmaceutical Industries) and the correlation was respectively (0.761, 0.698, 0.716, and there is an effect for the first variable (Inflation rate and exchange rates) on the second variable (market value) for the mentioned companies, where the level of significance was respectively (0.000, 0.000, 0.000, 0.003), which indicates the acceptance of the third hypothesis, which states: "There are positive and significant correlations and influence between the rates of Inflation and exchange rate fluctuations on the market value of stocks" for the four companies above and are unacceptable for the rest of the companies.

4. Conclusion

The most prominent conclusions that emerged from the research are the following:

1. There is a significant and positive correlation and influence between the variables of the inflation rate and the market value of stocks in some companies, and there is no such relationship in other companies.
2. There is a positive and significant correlation and influence between the variables of the exchange rate and the market value of the shares of some companies, and the absence of this in other companies.

3. There is a correlation and influence between the variables of the inflation rate and exchange rates on the market value of the shares of companies in the selected sample group.
4. From the above, the hypotheses based on the research can be accepted to achieve positive and significant results for the correlation and influence relationships between the research variables.

5. Recommendation

The researcher recommends some recommendations:

1. Administrative and financial policies, especially operational ones, must be reconsidered in cases of high inflation rates and exchange rate fluctuations, two variables that affect the general condition of national economies, which affects the activity of the companies concerned, especially industrial ones.
2. Work to diversify investments during periods of high inflation and exchange rate fluctuations to reduce the effects of these variables, specifically short-term and profitable investments.
3. Conducting research and studies that would develop the work of companies and encourage initiatives after confirming their feasibility.

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