# Exchange Rate and its Relation with CPI During Recent Syrian Crisis

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## Abstract

**The Syrian Pound against the US Dollar (SP) has deteriorated dramatically during the recent crisis. This paper investigates the economic aspects of the crises, and explores the relationship between the exchange rate of SP and price level, since the Central Bank of Syria adopts the exchange rate as a nominal anchor for its monetary policy mainly for price stability.**

**The author found that there is unidirectional Granger causality from SP exchange rate to price level (CPI) the long term, and this relationship disappears in the short term.**

**The changes in SP exchange rate explain 46.2% of inflation rate in the long term. Furthermore the (ECT) refers that the adjustment speed of correction from short to long term is negative and meaning at confident level of 1%, and 21.3% of disequilibrium in price level is monthly corrected in changes of SP exchange rate.**

**Finally, the author suggested some procedures that could be adopted to alleviate the deterioration of the Syrian Pound and to fix inflationary expectations in the context of monetary policy during the Syrian crisis**

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For the Paper in Arabic Language See the Pages (207-236)