

# The Impact of the Capital and Financial Account Balance on Jordanian Export Price Index (2000-2014)

Ghazi Rugabat

Finance and Banking, Faculty of Finance and Business Administration, AL Al-bayt University, Mafraq, Jordan

Torki M. Al-Fawwaz

Finance and Economic Department, Faculty of Finance and Business Administration, AL Al-bayt University, Mafraq, Jordan

E-mail: [alfawwaz@aabu.edu.jo](mailto:alfawwaz@aabu.edu.jo)

Corresponding Author

To Link this Article: <http://dx.doi.org/10.6007/IJAREMS/v4-i1/1627> DOI:10.6007/IJAREMS/v4-i1/1627

Published Online: 09 January 2015

## Abstract

Standard figures have a role in the assessment of changes in the prices of commodities, as well as the figures of agricultural and industrial production and exports. A standard figure can be defined as a statistical figure which is used in measuring the relative change in the prices or quantities of a certain phenomenon from one time to another, or from one place to another. Standard figures are used in statistical applications in research, in which the various conditions of the different countries are evaluated through the study of the several variables in the future. This study aims at exploring the nature financial and capital accounts at the central bank of Jordan, as well as identifying their effects on the standard figure of the prices of Jordanian exports for the period (2000-2014), by employing the SPSS software and the t-test. The results of the study showed the existence of a positive correlation ( $\alpha = 0.05$ ) between the financial account and the standard figure of the prices of Jordanian exports for the period (2000-2014), which applies also to the capital account and its correlation to the standard figure of the prices of Jordanian exports for the period (2000-2014). The value of the total correlation coefficient was (0.744), and the variable of the financial account has an effect and a high predictable power concerning the standard figure of the prices of Jordanian exports for the period (2000-2014), and the absence of an effect and a predictable power for the financial account on the standard figure of the prices of the Jordanian exports for the period (2000-2014)>

**Keywords:** Financial Account, Capital Account, Central Bank, Standard Figure.

## Introduction

The economic transactions among the different countries in the world result in financial commitments which ought to be settled immediately or in the future. Thus, it is

important for all countries to identify exactly their rights and responsibilities in relation to the other countries of the world, and so they prepare a statement identifying their rights and commitments, and this statement is called the balance of payments.

This balance shows the imbalance of the economic relations between the country and the outside world, so that it provides the authorities of the country with a clear picture about the strengths and weaknesses of the external situation of the national economy, as well as the effect of external transactions on the national income and the level of internal employment.

The capital and financial accounts are among the most important components of the balance of payments, in which all the operations related to indebtedness and lending are incorporated, because the transactions of the country with the outside world are not restricted to the trade in services and commodities, in that it includes also the movement of capitals which move from a country to another.

Undoubtedly, general indexes have an important role in measuring the changes in the prices of commodities and the figures related to agricultural and industrial production as well as exports. A general index can be defined as "a statistical tool for measuring the relative change in the prices or the quantities or values of a certain phenomenon or a set of phenomenon from a time period to another or from one place to another".

Standard figures are used in statistical applications in research, and through them economic conditions can be identified for different countries through the study of the economic changes in the countries studied, in order to assist in predicting what can occur to the several variables in the future.

### **Problem of the Study**

The financial and capital accounts are considered among the essential components of the balance of payments in Jordan which is characterized by its fluctuations ,and general indexes are the means through which changes in the prices of exports which constitute that account can be measured. Thus, the problem of this study can be stated through the following questions:

- 1- Is there an effect of the financial account at the central bank on the general price index of Jordanian exports for the period 2000-2014?
- 2- Is there an effect of the capital account at the central bank on the general price index of Jordanian exports for the period 2000-2014?

### **Aims of the Study**

This study aims to explore the nature of the financial and capital accounts at the central bank of Jordan, as well as to identify their impact on the general price index of Jordanian exports for the period (2000-2014). The aims of the study can be summarized as follows:

- 1- Identifying the impact of the financial account at the central bank on the general price index of Jordanian exports.
- 2- Identifying the effect of capital account at the central bank on the general price index of Jordanian exports.

### **Importance of the Study**

The importance of exploring the capital and financial accounts at the central bank of Jordan is related to those indicators and implications which reflect the economic situation of the country, regardless of the period covered by the study of those data. Thus, recording these

data, as well as the economic transactions of Jordan and measuring them statistically is an essential issue for the national economy. Additionally, the structure of those economic transactions reflect the strength of the national economy, its vulnerability and its adjustment to the changes in international economy.

### **Hypotheses of the Study**

The hypotheses of this study were formulated as follows:

#### **The first hypothesis:**

HO1: there is no statistically significant impact for the financial account at the central bank on the general price index of Jordanian exports.

#### **The second hypothesis:**

HO2: there is no statistically significant impact for the capital account at the central bank on the general price index of Jordanian exports.

### **Methodology of the Study**

For the purposes of achieving the aims of the study and testing the hypotheses of the study, the researcher will employ the deductive method in exploring the topics of the study in order to arrive the suitable conclusions. Thus , the researcher proceeded in collecting the data required for the study through a number of resources and previous studies , and then collecting field and applied data , analyzing them through the suitable statistical methods , using SPSS software and t-test , and consequently a set of conclusions will be derived based on the theoretical framework of the study , and which will be used for providing recommendations.

### **Data Collection**

The researcher will employ two methods for collecting data, which are (primary and secondary data):

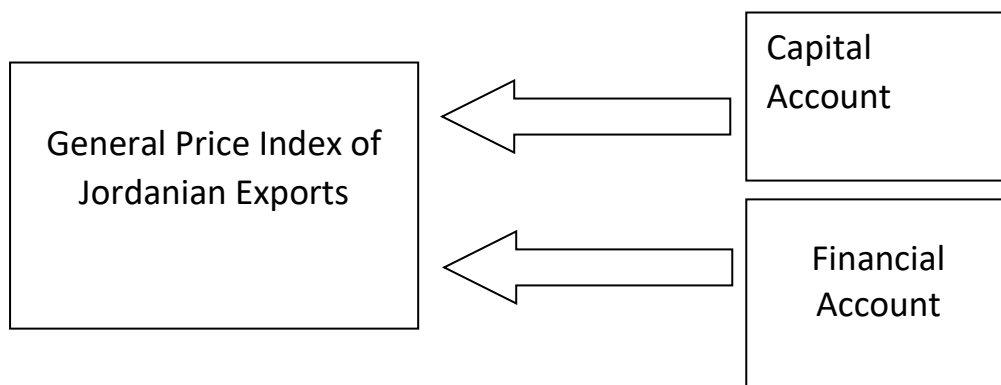
- The Researchers will employ the references, studies and periodicals available in academic journals as well as the available websites.
- These sources are related to the reports and statements issued by the central bank and which are related to the topic and period which will be subjected to study and analysis.

### **Statistical Methods**

In order to achieve the desired results and analyze the collected data, the descriptive analytical method, and the (SPSS) software will be employed as well as the T-Test.

#### **(Population and Sample of the Study)**

The study will be carried out on the Central Bank of Jordan, and the reports and statements it issued during the period (2000-2014) represent the sample of the study.

**(Model of the Study)****Figure (1)****The Dependent Variable****Independent Variables****The Model of the Study**

$$\text{GPI} = a + b_1\text{CA} + b_2\text{FA} + e$$

In which :

GPI: general price index of the exports

CA: capital account

FA: Financial Account

**b<sub>1</sub>**: the impact of the capital account on the dependent variable GPI**b<sub>2</sub>**: the impact of the financial account on the dependent variable GPI

a: constant

**Literature Review**

The (Qazim's, 2011) .study dealt with the concept of general indexes, their types and the formulae and mathematical principles related to them. The study focused on Laspeyres and paasche methods and their relation to fisher's ideal law. The study also reviewed the essential steps to be followed in preparing and provision of general indexes through the identification of the commodities covered as well as the base period and the required mathematical formulae. The study reviewed also the applied aspect of the general indexes at the agricultural sector, the transformational industry, water, Electricity, Construction and trade, within the Iraqi context through an evident mechanism which makes the study a working guide that can be understood easily. The study shows also the strategic importance of this level of statistical analysis tools which have a strong capacity for summarizing the level of social, economic and scientific development and for any country. The results of the study showed the importance of specifying a typical year for comparison and using technical and scientific development in the field of general indexes.

The results showed also that the field applications of the general indexes are not restricted to the field of economic activities, and that they include the fields of social development such as the general index for unemployment and the levels of poverty and social empowerment.

The study of (Al – Majali, 2010). "The Effect of Global Economic Crises on the Jordanian balance of payments (1980-2008)". this study dealt with the balance of payments in Jordan and its classifications, as well as the relation between the changes in its components and the global economic crises for the period (1980-2008), which are due to international crises, especially the impact of the effective real exchange rate, terms of trade and the difference

between interest rates at the national and international levels on the components of the balance of payments. VECM was used after stability test and the test of Johannes for complementarity. The analysis of variance components was employed as well as the significance of action response for assessing the effect of crises related to external changes on the components of the balance of payments. The results of the study showed that the Jordanian balance of payments is affected by real exchange rate, negatively on the real capital account and positively on the real current account. Additionally, the balance of payments is affected negatively by the shock of decrease in international interest rates compared to local interest rates. The Jordanian balance of payments is affected also by the decrease in imports' value, additionally, the negative effect of real monetary deficit on the balance of payments through increasing the deficit of real current account on the long-term.

The study of (Alzubdi ,2007). "The impact of the liberalization of trade on Jordanian imports (1980-2005), aimed to explore the effect of the liberalization of trade on Jordanian exports (For the period 1980-2005), through the application of VAR (Regression) on the annual data through choosing (Terms of commercial transactions, the degree of economic openness, direct foreign investment, the GDP of the trade partner and NEDP) as independent variables affecting exports sector. Dickey-Fuller test was employed in order to determine whether the variables of the study are stable or unstable. It was demonstrated that all the variables are considered stable based on the first difference, while they are not stable in their levels. Additionally, Granger causality test, variance decomposition test and Impulse Response function were employed. All those tests suggested the presence of an effect for the degree of economic openness as an indicator for the liberalization of trade on the exports sector. Those variables were tested in terms of the liberalization of the Jordanian trade with the world as a single unit, and consequently these variables were tested on three trade partners of Jordan who account for (65%) of the Jordanian external trade. And that the liberalization of Jordanian trade has an effect on the access of Jordanian exports to their markets.

The study of (Abd-Al-Khaliq,2000). "Liberalization of Capital Account and its Effect on the Balance of Payments: The Case of Jordan". This study handled the topic of liberalization of capital account in the Jordanian balance of payments. The study aimed at identifying the effect of the liberalization of the capital account on the efficiency of the monetary policy as well as the ability of the Jordanian banking sector to absorb the risks resulting from the liberalization of the capital account. The statistical descriptive analytical method was employed for the interpretation of some relations and indicators related to the study. The main results of the study were as follows:

- The deterioration of the efficiency of the monetary policy and its role through the liberalization of the capital account.
- Emphasizing the importance of the safety of the financial and banking system during the process of liberalization of the capital account through the enhancement of transparency and auditing within the banking system.
- Despite the liberalization of the Jordanian capital account, the capital internal flow remains weak , and in some cases there was a flow towards the outside, which is due to the weak investment environment.

(Lopez,2005)."The Impact of the Liberalization of Trade on Exports, Imports , Balance of Payments and Development" aimed at exploring the effect of the liberalization of trade in mid (1980s), which included NAFTA agreement. The researchers used exports as a dependent variable and the nominated exchange rate, local exchange rate, the general

production of the united states and the general prices index in the USA, in addition to virtual variables which represent the years which experienced an increase in the liberalization of trade as independent variables. Results showed that the reform of trade in mid 1980s has a statistical significance and an effect on trade exports and imports. The effect of NAFTA free zone on the exports was low, which accounts for the low development in Mexican economy during the last few years. The establishment of NAFTA region had no effect on the improvement of the economic development as was promised by the political leaders.

The study of (Sinclair ,2001). "Export processing Zones: an ingredient for Successful Liberalization aimed to test the effect of the establishing exports' qualifying regions at Harris Todaro in central Africa in a frame of total unemployment. The study showed how such regions seem a channel for moving into an open economy characterized by stability. Analysis demonstrated the required conditions for establishing exports' qualifying zones which result in positive levels and developmental effect on individual income. Through the analysis of results, the researcher found that establishing an exports' qualifying region contributes by (0.52) point of GDP development, and that more than (60%) had a direct effect on the movement of laborers from agricultural into industrial sector at the qualified zones.

#### **(What distinguishes the present Study?)**

This study sought to relate the financial and capital accounts at the central bank to the general price index of the Jordanian exports, and consequently, the analysis of the financial data related to the variables of the study and for a period which extends from (2000-2014), will make a scientific contribution to literature though the identification of those variables on the general price index of the Jordanian exports.

#### **(Procedural definitions)**

- 1- **The financial and capital account:** it is one of the components of the balance of payments, which include all the operations which represent changes in indebtedness of lending situation of the country, because the relations of the country with the outside world are not restricted to trade in commodities and services, in that it incorporates the movement of capitals from one country to another.
- 2- **Balance of payments:** It is one of the most important economic indicators and is one of the tools of economic analysis for the identification of the situation and position of a certain country on the short run. It is also a financial statement which includes the values of all the commodities and services, aids and subsidies, all capital transactions and gold which inter a certain country in a certain period, usually measured by the year (Al-Hijaz, 2003).
- 3- **general price index:** It is a statistical tool used for measuring the relative change in prices, values or quantities of a certain phenomenon or phenomena from a time period to the next or from one place to another'.

For example, the comparison of prices or the quantities of certain commodities may be required for different places. In this case we need a tool for measuring the variables or identifying the differences which occurred to those prices or quantities in that period in comparison to other previous periods. This tool is the general index, in which comparison is carried out in terms of place and time, and a certain period is taken as a base and another period is compared to it, or a certain country is taken as a base for comparison.

#### **(The Concept of General Index Number)**

The general index is “a statistical tool used for measuring the changes of a set of data in comparison to a specified base. In other words, the general index measures the means of changes in the prices or quantities of a set of commodities in comparison to a certain specified period or a certain market considered as a basis for comparison”. Thus, the general index is useful in identifying how a price of a set of commodities has changed, or how the amount of their production or consumption has changed over time, So, through it, the levels of prices of different sets of commodities can be compared or a comparison of the levels of prices and the levels of wages or comparing the changes in exports and imports ...etc. the usefulness of general index can be demonstrated especially in measuring and comparing the changes in phenomena which can't be measured exactly, or which cannot be evaluated directly, such as the productivity of a certain facility and its changers over time.

Thus, in order to measure the changes in a large number of changing elements which constitute certain statistical data, it is important to have a tool for calculating the relative means of their values, and which can be considered as an in these values. Thus, we can define the general index as a “statistical scale for measuring the means of the changes which occur to several elements in a certain time period in comparison to another period, or for a certain country compared to another country or in a certain economic activity in comparison to another activity, or for a certain profession compared to other professions ... etc) , through the use of general indexes we can compare the cost of food or any other expenditure item compared to the previous year, or the production of ore in a certain year at a certain geographical area compared to another area for the same year, or comparing the educational levels of the students in the different areas of the country or for different years(Lincoln,2004)

### 1- Simple general Indexes

#### First: Ratios:

Ratio is the simplest general index, which represents the ratio of a price or a quantity of a certain commodity at the time of comparison to its price or quantity in a constant year called the base year or the reference period.

The advantages of prices ratios are:

- 1- The identification characteristic – If we analyze two periods one for the other, the ratios of corresponding prices are the inversion of each other.
- 2- The Reflection characteristic – If we analyze two periods one for the other, the ratios of corresponding prices are the inversion of each other.

1-2 – the simple aggregate index:

In order to calculate the general index for the prices and quantities in this way we express the prices of asset of commodities in the year of comparison as a percentage of their total prices at the base year. The formula for calculating the simple aggregate general price is (Bowerman,2007):

$$\frac{\sum p_i}{\sum p_0} \times 100$$

**.bower man2007(Brucel**

The result is expressed as a percentage, which is the case in all general indexes. Although this method is simple, it has two disadvantages which make its use undesirable:

- 1- This method doesn't take into consideration the comparative and relative importance of the different commodities, which means that it gives similar weights to all commodities.
- 2- The measurement units used in distinguishing the commodities, such as the gram, the meter ... etc affect the value of the general index.

1-3- The aggregate general index of ratios:

Several methods exist for calculating this index depending on the method used for arriving at the ratios such as the means, geometrical mean.

$$\frac{1}{n\sum p_i} \times 100$$

For example the mean for the prices ratio is:

In which :

$\sum p_i/p_0$  is the total of all means of prices of the number (n) of commodities.

Although this method is free from the second disadvantage of the previous method, the first disadvantage exists in it.

#### 1-4 - The weighted general price index:

In order to eliminate the disadvantages of the simple accumulative method, the probable prices of a certain commodity are calculated through the use of a suitable coefficient. The quantity or volume of the commodity during the base period and the comparison period are used usually, and these weights indicate the relative importance of the specified commodities, two formulae are used commonly, and which are:

1- Laspeyres price index Method:

$$L_{p01} = \frac{\sum p_1 q_0}{\sum p_0 q_0} \times 100$$

The simple formula of this index is (Ramadan ,2010) :

In which:

LP1: represents the general price index of the comparison period(1) , considering (0) as the base year .

P1: represents comparison prices

P: base prices

Q1: quantities of comparison

Q:base quantities

The price of every commodity according to this method is weighted through the quantities of the base period, thus, this law is called the law of the constant base weights. However, this law assigns equal importance for the commodities whose prices decreased and those whose prices increased. According to this law, the demand for the commodities whose prices decreased increases and the demand decreases for the commodities whose prices increased.

It is obvious that the (numerator) in the law of laspeyres equals the values paid for purchasing the base quantities, while the denominator equals the same total assessed by the prices of the base year, So, the law can be expressed in terms of the relative prices:

$$L_{p01} = \frac{\sum p_1 (p_0 q_0)}{\sum (p_0 q_0)} \times 100$$

This means that the general index according to this law equals the weighted means of the relative prices, through considering the value of each commodity in the base period a weight through which its relative price is weighted, and according to the same basis above, Laspeyres' law for the quantities can be derived, and the weights being the prices of the base year , and the law is:

$$L_{q01} = \frac{\sum p_0 q_1}{\sum p_0 q_0} \times 100$$



The law, expressed in relative quantities is:

$$Lq01 = \frac{\sum p_1 q_1}{\sum p_0 q_0} \times 100$$

B- Baasche's current weighted price index method:

This method can be expressed as follows:

$$Pp01 = \frac{\sum p_1 q_1}{\sum p_0 q_1} \times 100$$

In which:

Pp1: represents the general number for period 1, when 0 is considered as a base period. Thus, the price of each commodity according to this law is weighted through its quantities in the comparison period. This method adopts the concept of instable quantitative pattern of the consumed commodities, and the appearance and disappearance of certain commodities affect supply and demand. The numerator in this method equals the values paid for purchasing the compared quantities, and the denominator equals the total of the values assessed by the prices of the base period.

The method can be expressed in terms of the relative prices as follows:

$$pp01 = \frac{\sum p_1 q_1}{\sum p_0} \times \frac{p_1(p_1 q_1)}{100}$$

The general index, according to this method equals the weighted mean of the relative prices, considering the value of each commodity in the comparison period, a weight for its relative price, and in order to interpret this formula, we assume that the probable mean for the variable is (x).

Considering the weighted prices as (w), and compensating for x by the relative price and for w by the values of the comparison period we arrive at the following formula:

$$Pp01 = \frac{\sum p_1(p_1 q_1)}{\sum p_0 q_1} \times 100$$

Which means that it equals the means for the relative prices through considering the value of each commodity in the base period and their quantities in the comparison period a weight for its relative price.

C- Fisher's ideal index method:

In order to solve the inverse bias in Laspeyres and Baasche laws, Fisher suggested that the ideal law for the general index is that which equals the geometric means in Laspeyres and Baasche laws, and which he called the ideal law.

$$Fp01 = \sqrt{Lp01 \times Pp01}$$

This method has several theoretical advantages over the other methods.

D- Marshall-Edgeworth index (Al-Heity, 2006):

This index is used for measuring the weighted aggregate value through the use of the typical year method, in which the weights are the mean of the quantities of the base year:

$$q = \frac{1}{2}(q_0 + q_1)$$

Through compensating in Laspeyres and Baasche laws, we arrive at the following:

$$X100Im1 = \frac{\sum p_1(q_0 + q_1)}{\sum p_0(q_0 + q_1)}$$

## Results

### (The results related to the hypotheses of the study)

This section includes the results of this study. Through collecting the data from the annual reports of the Jordanian central bank and the reports issued by the general directorate of census, the researcher identified the general index of the prices of the Jordanian exports for the period 2000-2014. the study sought to test the following hypothesis:

-There is no impact for the financial and capital account at the central bank of Jordan on the general index of the prices of Jordanian exports for the period (2000-2014).

This hypothesis was subdivided into two minor hypotheses:

The first minor hypothesis: there is no impact for the financial account at the central bank of Jordan on the general index of the prices of Jordanian exports for the period (2000-2014).

The second minor hypothesis: There is no impact for capital account at the central bank of Jordan on the general index of the prices of Jordanian exports for the period (2000-2014).

In order to test the main hypothesis, the following economic standard model was used:

$$G_{pi} = a + \beta_1 CA + \beta_2 FA + e$$

$G_{pi}$  : the general index for the prices of exports.

A: the stable limit.

$\beta_1$ : capital account coefficient.

CA: Capital Account

$\beta_2$ : financial account coefficient

FA: Financial Account

E: Residues

The values of the financial and capital accounts were obtained as well as the general index of the prices of exports for the period (2000-2014), for the purpose of testing the hypotheses of the study , which were as is shown in table 1 below.

Table (1)

*Capital account (2000-2014).*

year	Capital account	Financial account	GPI
2000	-222.6	46	105.8
2001	-110.9	15.3	107.2
2002	-310.7	48.8	107.6
2003	-978.7	66.3	107.8
2004	-115.5	1.5	120.9
2005	1125.9	6	138.6
2006	1325.4	44.5	153.6
2007	1649.8	9.2	179.3
2008	11004	201.3	277
2009	605.2	0.4	256.7
2010	805.4	0.2	219.6
2011	2363.5	0	247.5
2012	2410	0.1	266.5
2013	2521	0.2	245.8
2014	2740	0.1	243.9

First: results related to the hypothesis of the study:

There is no effect for the financial account and capital account at the central bank on the general index of the prices of Jordanian exports for the period (2000-2014).

This hypothesis was subdivided into two minor hypotheses:

The first minor hypothesis: there is no effect for the financial account at the central bank of Jordan on the general index of the prices of Jordanian exports for the period (2000-2014).

The second minor hypothesis: There is no effect for capital account at the central bank of Jordan on the general index of the prices of Jordanian exports for the period (2000-2014).

In order to test the main hypothesis, the means and standard deviations of the financial account and capital account at the central bank and the general index of the prices of Jordanian exports for the period (2000-2014) were calculated, and were as illustrated in table2.

Table (2)

*Means and standard deviations of the financial account and capital account at the central bank and the general index of the prices of Jordanian exports for the period (2000-2014).*

Number	Economic indicators	Mean	Standard deviation
1	Financial account	603.1000	968.7362
2	Capital account	36.6250	56.9334
3	Gpi	168.4667	65.3552

Table (2) shows that the mean of the financial account at the central bank was (603.1000) with a standard deviation of (968.7362), and that the mean of the capital account at the central bank was (36.6250) million Dinars, with a standard deviation of (56.9334), and the mean of the general index of the prices of exports was (168.4667) with a standard deviation of (65.3552).

Pearson correlation coefficients between the financial account and the capital account at the central bank and the general index of the prices of Jordanian exports for the period (2000-2014) were calculated and were as shown in table 3.

Table (3)

*Pearson correlation coefficients between the financial account and the capital account at the central bank and the general index of the prices of Jordanian exports for the period (2000-2014)*

Variables	Statistical	Financial account	Capital account	General price index of Jordanian exports
Financial account	Correlation coefficient		-.390	.675
	Statistical significance		.000*	.000*
Capital account	Correlation coefficient			.251
	Statistical significance			.000*

\*statistically significant at ( $\alpha \leq 0.05$ )

Table 3 shows that a negative significant correlation exists at the level ( $\alpha \leq 0.05$ ), between the values of the financial account and the capital account, and that a positive significant correlation at the level ( $\alpha \leq 0.05$ ) exists between the financial account and the general index of the prices of Jordanian exports for the period (2000-2014) in one hand and with the value of the capital account on the other hand.

Total Pearson correlation coefficient among the variables was calculated , and the squared correlation coefficient , and the standard estimation error for the financial account and the capital account at the central bank and the general index of the prices of the Jordanian exports for the period (2000-2014) ,and which are provided in table 4.

Table (4)

*Total Pearson correlation coefficient among the variables was calculated, and the squared correlation coefficient, the adjusted correlation coefficient and the standard estimation error for the financial account and the capital account at the central bank and the general index of the prices of the Jordanian exports for the period (2000-2014)*

Pearson correlation coefficient	Squared correlation coefficient	Adjusted correlation coefficient	Standard estimation error
0.744*	0.553*	0.454	48.310

\*statistically significant at ( $\alpha \leq 0.05$ ).

Table 4 shows that a positive statistically significant correlation exists at the level ( $\alpha \leq 0.05$ ) between the financial and capital accounts at the central bank and the general index of the prices of the Jordanian exports for the period (2000-2014), where the total correlation coefficient was (0.744) , and the squared correlation coefficient was (0.553) , while the adjusted correlation coefficient was (0.454) and the standard estimation error was (48.310). In order to identify the effect of the changes in the capital and financial accounts at the central bank on the general index of the prices of Jordanian exports for the period (2000-2014), linear regression analysis was carried out, and the results are provided in table (5).

Table (5)

*Results of regression analysis of the predictive power of the averages of the financial and capital accounts at the central bank on the general index of the prices of Jordanian exports for the period (2000-2014).*

Variables	$\beta$	Standard error	t-value	Sig. level	Decision
A	116.673	19.526	6.487	.000	=====
Financial account	0.047	.015	3.141	.012*	First minor hypothesis rejected
Capital account	.360	.257	1.403	.194	Second minor hypothesis not rejected

- Statistically significant at ( $\alpha \leq 0.05$ )

Table 5 shows that:

- 1- The financial account variable has an effect and a high predictive power on the general index of the prices of Jordanian exports for the period (2000-2014), so the first minor hypothesis was rejected.
- 2- The capital account variable has neither an impact nor a predictive power on the general index of the prices of Jordanian exports for the period (2000-2014), so the second minor hypothesis was accepted.

Thus, the study obtained the following standard economic model:

$$G_{pi} = a + \beta_1 CA + \beta_2 FA + e:$$

$$G_{pi} = 126.673 + 0.047*CA + 0.360*FA$$

### Conclusions and Recommendations

Based on the results of the study, the researcher arrived at the following conclusions:

- 1- There is a positive correlation at the level ( $\alpha \leq 0.05$ ) between the financial account and the general index of the prices of Jordanian exports for the period in one hand , and the value of the capital account in the other hand.
- 2- There is a positive correlation between the capital and financial accounts at the central bank in one hand and the general index of the prices of Jordanian exports for the period (2000-2014) , with a value of total correlation of (0.744).
- 3- The financial account variable has an effect and a high predictive power on the general index of the prices of Jordanian exports for the period (2000-2014).
- 4- The capital account variable has neither an effect nor a predictive power on the general index of the prices of Jordanian exports for the period (2000-2014).

### Recommendations

Based on the conclusions of the study, the researcher provided the following recommendations:

- 1- Increasing the value of the financial account in order to improve the volume of the general index of the prices of Jordanian exports.
- 2- Decreasing the value of the capital account for the purposes of improving the volume of the general index of the prices of Jordanian exports.
- 3- Employing the financial account as an economic indicator for the purposes of improving the volume of the general index of the prices of Jordanian exports.
- 4- Conducting more studies on the other economic indicators which affect the general index of the prices of exports.

### References

- Abd-Alkhalig, S. (2000). Liberating Capital Account and its Effect on the Balance of Payments : the Case of Jordan . Unpublished master's thesis university of Jordan ,jordan.
- Al -Heity , S . (2006). Statistical Methods in Business Research. Dar Wael for Publishing and Distribution, p.488.
- Al -Majali,k.(2010). The Impact of International Economic Crises on the Jordanian Balance of Payments (1980-2008). Unpublished master's thesis. university of Jordan ,jordan.
- Al-Hijaz, B. (2003). International Economic Relations. Lebanon: Majd: The University Institution for Publishing and Distribution.
- Al-Zubdi, N.(2007). The Effect of Liberalization of Trade on Jordanian Exports (1980-2005) . Unpublished master's thesis.Mo'tah University , Jordan.
- Aqel , M.(2000), Perspectives banking,( second part)., the Arab Bank, Jordan.
- Arab Economic Report(1991). The General Union of Chambers of Commerce, Industry and Agriculture for Arab Countries. Lebanon
- Awad , T . (1995). International trade theories and policies.(1<sup>st</sup> ed). Institute of Banking Studies, Jordan.
- Hijazi, B. (2003) .International Economic Relations ,University Corporation for Studies and distribution, Beirut, Lebanon, 2003, p: 64.65
- Blair,m.(1988).liberalization of financial markets sequence. Finance and Development journal,
- Bowerman, Bruce L. And Richard T. O'Connell (2007), Business Statistics in Practice, 4th Ed. New York: McGraw-Hill Irwin, p.662.

- Central Bank of Jordan(1985). Annual Report. Jordan
- Donald J. Mathieson & Liliana Rojas-Suárez, (1992). Liberalization of the Capital Account: Experiences and Issues, IMF Working Papers 92/46, International Monetary Fund.
- Fischer,s.(1998). Capital-Account Liberalization and the Role of the IMF, Should the IMF Pursue Capital-Account Convertibility?. Princeton: Princeton University, Essays in International Finance No. 207, 1-10.
- Haykal , A.(1985).Principles of Applied Statistics, Dar –Al-jameeya for Publishing and Distribution. Iraq, p. 267
- Khawajah , K. (2009).Index Numbers. Arab Institute For Training And Research in statistics. Retrieved from <http://eng-uni.com/en/archive/index.php/t-1956.html>.
- Lincoln L. Chao.(2004). Statistics For Management. Mars publishing house. Saudi Arabia.
- Nouriel, R.(1999). What Caused the Asian Currency and Financial Crisis? Japan and the World Economy, Vol. 11: 305-373.
- Pacheco-López, P. and A.P. Thirlwall (2006), “Trade liberalization, the income elasticity of demand for imports and economic growth in Latin America”, Journal of Post-Keynesian Economics, vol. 29, No. 1.
- Qazim, I. (2011). *General Indexes and the Methods of their Application in Economic Activities : case of Iraq*. DIALA University, Iraq.: Directorate of Research and Development.
- Ramadan , Z.(.2010). Principles of Statistics, Dar Wael for Publishing and Distribution, 197-199.
- Sinclair, R.(2001).Export Processing Zones: An Ingredient for Successful Liberalization”, The Maxwell School of Syracuse University, Department of Economics Syracuse, NY 13244, (Version 2.1)