

Investment ,Inflation and interest rates, interactions and contradictions

Shahram Vahedi¹, Hasan Gorzin²

1. ph.d student of financial management, Islamic azad university, uae branch.

2. Master student of Industrial Management, department of Management, Shahrood Branch, Islamic Azad University, Shahrood , Iran

*Corresponding author email: vahedi_sh@ut.ca.ir

Abstract : Traditional investment in Ray assumes that investment takes place in a safe environment, while in many countries, including Iran, there is a high degree of uncertainty. Growth, inflation, exchange rates and other economic variables macro-economy of the industrialized countries are more prone to fluctuations. fluctuations in inflation and uncertain environment for investment decision-makers, while most fundamental concept in evaluating the financial condition and results measurement related to organizational performance, the investment in the organization . From this perspective, the realization of real benefit to the creation of a surplus means that harvesting and non-productive consumption does not create a dent in the capital. Because of any business organization pay an annual fee as the share of profits to be, loan interest and the income tax to the owners of investors, creditors and government officials pay, determine the amount of the capital gains or return of capital distribution is crucial. Business organizations and sustainable response to the regular changes of a variable can be done at a lower cost and more reliably. But when these changes are unstable and irregular form, they create uncertainty that under these circumstances, economic decisions risk and cost will be greater. Therefore, how to control them identify the trend of economic variables and how, to mitigate their impact on other economic variables is of particular importance. Inflation and its impact on capital including the issues is.

Key words: Investment, inflation, capital structure, risk investment

Background

Economic decisions are largely based on information including the demand for investment decision making units of the variables affecting the trend. Investment is one of the most important variables in the economy of a country that changes its trend growth is of particular importance due to the close relationship with important. From Opinion Economists Inflation Phenomenon Of Undesirable Is And To Title One From Important Most And Basic Most Issuesa door Among Politics Makers And Public Peoplea door One Country Proposed TheIs, To Species For That Always Politics Makers And Authorities Economic Society Efforta door Control It Have Have.

Inflation To Means Increase Ongoing And Continuous Level Price And Is That Furthermore, On Creation Disorder a door System Price And Cause Decrease So Bumps, From Among Going Motivation Of Capital Investment, Stimulation Escape Capital From Section Of Manufacturing To Side Activity Of Promissory note Play Anda door Finally, Slow Become Growth Economic The . In Iran Percent Inflation a door Years Recent Very High Been Is To Therefore, Prices a door Every Year Very Increase Results And the power Order People Low Goods Is.

Investors Investment One From Components Important Demand Generally That Role Very Determination Manufacturer Anda door Swing Economic And Growth Economic Every Country Play And

The; Therefore, Recognition Behavior Investors Investmenta door Focus Attention Economists And Policymakers Economic BeenIs. (E.Offspring Headquarters, 1384)

Inflation

Definition Of Several From Inflation Existence There That All Most About Suggests One Issue AreInflation PhraseIs FromIncrease Permanent And Withoutprocedure Level General Price Goods And Services That Not Pool To Decreasethe power Buy And Dislocation Economic The Be. InflationFrom Sentence VariablesIs That Nosingle Attention Economists To To Own Attraction Has,Rather, To Reason Effects And Outcomes SocialIt Politicians And Willing CHANGESInflation To Investigation There. In fact, Inflation And Gravity What Not Except Reduction Value Money Anda door Indeed We With It The Money Thata door Available We Ratio ToA few months Or Several Year Before Commodity Lower We can Purchase. Inflation Two Digit Availablea door Status Current CountryIn Cut, Including Concerns Home GovernmentIs. The Discussa door About Containment InflationIdentified Causes It Is Anda door Economic That Can not Causes Existence Inflation To Investigation Said, Discuss From Struggle With It To Mislead Going Is. Also, The For Containment Inflation And Increase Ongoing Prices To Recognition Right From Effects And Outcomes Existence Inflation A. (Branson, 1381)

Types of inflation

There are several types of inflation

The positive inflation

When the general price level of goods will increase.

The negative inflation or deflation

When the general level of prices of goods and services declined to just point the positive inflation.

Hyperinflation

When the inflation or the increase in the general price level has to happen quickly. One of the most open of the inflation occurred in Germany in 1923 when the price within one month rose 2,500 percent. In times of occurrence of this type of inflation zeros money is worthless quickly.

The record inflation

The combination of high unemployment, record inflation and economic recession with inflation. Example of this occurred in 1970 in industrialized countries. When economic conditions with rising oil prices was accompanied by APEC.

In recent years most developed countries have tried to keep inflation at around 2 to 3 percent. (Branson, 1381)

Causes of inflation

Sometimes inflation caused by rising production costs, the effects of the rise in commodity prices can be seen as the increased costs due to the increase in wages, high rates of transportation of fuel needed and an increase in bank interest rates . (SHAHSHAHANI, 1357)

It can also import inflation due to rising commodity prices which in called imported inflation. Goods such as machinery; industrial and manufacturing facilities in the country have no alternative, due to price rises out production of goods within the country, we have to import them at all costs . One of the causes of inflation can be caused by an imbalance between supply and demand, he said. When a society is not desirable in terms of supply and demand of commodities, inflation is caused . Economists always wake up hoping to have a chance to fight the causes of inflation. Although there is no general agreement on the factors that cause inflation, but the theories about the public were admitted to the are:

Inflation pressure due to demand

In short, this theory says that if a lot of money chasing few goods and services, inflation occurs. In other words, if the demand for goods and services from the supply of goods and services to grow and that prices will increase inflation is. It usually occurs in growing economies.

Inflation pressure due to cost

Company production cost rises when they are forced to raise prices to continue to keep their profit margins. The increase in costs can include wages, taxes and fees are imports. In this type of increased called cost-push inflation in prices.

Creeping inflation (Gentle or mild)

According to the moderate increase in prices. The mild inflation, price increases of 1% to 6%, up 4% or between 4 and 8 per cent per annum is mentioned.

Severe edema (swelling acceleration or Tazndh)

In this type of inflation, rising prices fast track. For severe swelling, 15 to 25 percent per year wrote.

Very high inflation (hyperinflation, hyperinflation and hyperinflation)

This type of inflation is considered strongest inflation. Inflation is very high standard to 50 percent per month, or a doubling of prices for six months and have stated.

Hidden inflation

The fixed price, but the quality is less.

The official inflation

Due to the increased supply of money from the government.

Structural inflation

Due to price increases due to excess demand. In this type of wage inflation pressure due to (lack of) increases in some sectors. This type of inflation is high in developing countries. (Branson, 1381)

The effect of inflation on the economy

The most important effect of inflation on income distribution and wealth. One of the outstanding characteristics of this phenomenon, The relevance of changes in prices and income. Thus, the prices of some goods and earning some classes and community groups with a song Steep increases while this song is for the classes and the other classes of society. This mismatch causes the real income of the population, including variable income business owners, land owners and owners of professional Mstghla and increased employment. Instead, the real income of those who live on fixed incomes, reduced. However, inflation can Amla portfolio of economic change as a result of inflation, individuals and groups as possible try to reduce its cash assets in exchange for cash to increase their share of the goods and property. Therefore, a lot of time, energy and financial resources Amla people and the economy, instead of the failure of the beneficial activities Regardless of economic and productive activities that they comply with the objective of reducing inflation and avoid asset value of the game is that the same applies to the reasons or transactions of a speculative phenomenon. of Therefore, it can be concluded, inflation, even affect the economic efficiency . (Fallahi, ocular, 1381)

One of the negative effects of inflation, its impact on people's savings and consumption. Due to the devaluation caused by inflation, all those who kept their savings in the form of cash capital will suffer which has a negative effect on people's willingness to save and, as mentioned, inflation in durable goods and capital, such as the desire for land and housing will increase, and this would be the type of consumption to affect . (Endres , Siklos , 2001)

The effects of inflation, its impact on decision-making firms so that it can not Amla economic uncertainty have made the decision because of inflation, firms in assessing income and expenses, is difficult . Next the effect of inflation can be observed in government current expenditure because of his government's consumer and on the other hand, must pay their wages. In inflationary government is forced to increase his wages. Do not forgot inflation could increase government revenues through taxes .

Other effects of inflation, its impact on foreign trade Therefore, ThatInflation Most Cause L ethicsa door Balance Payments Recommended Becausea door Effect Inflation From A Side To Reason Increase Pricesa door Inside,The Export Reduction And From The Others Value Import Increase Will Respectively. In this Background Inflation in Iran of inflation should be explained that if countries that trade with Iran are more extensive then the Mbadla of Iranian goods will become more expensive as a result of our exports to

these countries is reduced and on the other hand, In this situation, making foreign goods cheaper for consumers will be Iran

Effects Import Product To Country Increase Will Found That Effects Primary The Event impact On Level Payment is And a door the face Shortage References Income Could To Deficit Level Business Lead The . (Fallahi, ocular, 1381)

The impact of inflation on investment

Following continuous fluctuation of inflation rate of investments into emerging markets, which are naturally impulsive and short-term profitability for long-term investment, which the government imposed new duties because due to lack of stability Investors do not dare to invest in long-term inflation will be on the agenda of why this government should bear the risk. However, the government resources to advance the development of any country is not recognized enough is . (Eghbali And others, 2003)

Basically consolidated annual inflation rate, can greatly increase the economic stability of the country and to improve its competitiveness at the international level will help the producers. In an economy with an inflation rate below 5%, low volatility Much goods and services, enabling detailed plan for long-term investors and entrepreneurs prepared and thus to increase the volume of productive investment and long-term jobs help .

The consolidation of low inflation, inflationary expectations of economic actors (their estimate of inflation in the following years) and Nyzkahsh and thus makes the fear of a sharp decline in the value of money in the coming years reduced and thus the value of revenue projections for long-term investment projects in the coming years above assessment. This will also encourage the development of long-term investments and employment will be serious. Failure to control inflation and continued economic volatility index every day creates a worse situation for the government. The market because of the influx of investors who are seeking immediate profits are greater sway with the government on the other hand Gradually, with the lack of resources to invest in various economic sectors faces . (Armenian, MirabiZadeh, 1391)

Ways to prevent inflation

Experience has shown that the administrative and structural solutions for fixing the prices, together with the growth of liquidity is not an appropriate method for fixing prices .

On the other hand, Iran is a monoculture economy from fluctuations in oil prices is affected. In the current period is considerably increased oil revenues, excluding other operating deficit could trigger inflation, this is how use extra oil revenues in the budget. Increasing oil prices above 100 dollars has caused government revenues from oil in recent years has increased several-fold. The increase in revenue as oil jumps, while in terms of increase in assets the country is welcome, but if not used properly could be serious risks .

Oil revenues are government-owned and government best to use extra oil revenues accumulated in the reserve account and to refrain from increasing the local government budget is based on the additional income. Reserve account can be public or private sector generating loans to only import the machinery and technology for the development of productive capacity. At the same time foreign currency loans received from the Fund, investors should rials necessary for the monetary investment of the provide some degree or other sections of society. Thus, the additional currency from oil revenues do not increase the monetary base and liquidity, but savings and investment of resources in the community to encourage local production capacity and employment New cause. Furthermore, with the return of loans received from the account, account to be reconstructed in the future and continuity of foreign currency lending and promoting investment in the future it will be possible . However, with the strengthening of foreign exchange reserves, should adopt procedural devices and procedures that the misuse of profit, which may formally offer prices and additional national resources and materials imported machinery; people are strongly against violence and treated . (Armenian, MirabiZadeh, 1391)

It is true that the country's oil income growth is good, but experience shows that much more money will be given back to the community, the need to better results will be achieved. If the surplus revenues to be converted into Rials, inflation and economic and social imbalance will follow. To reduce inflation, the government needs to increase supply, reduce tariffs, exchange rate stability, reducing the rate of expected inflation, subsidy reform, reduction of money supply growth in the community and so on. In this Thus, the state budget shall be adjusted and be careful not to swing the oil problem in the country Rshdnqdyngy . (Noforesti, 1378)

Investment [7] :

The word means to put investment money in what is the expected profit from it. For a more detailed commitment of money or capital investment to purchase financial instruments or other assets, to benefit from future returns in the form of interest, dividends or appreciation of the value of equipment (capital gains) is. (Avdken, 1996) The investment is simply the lack of economic resources in the present and in the future to put it in the hope of obtaining new sources of existing resources is more valuable. SHAYAN should be noted in the The process of interest rate, inflation and the expected return Should also be checked. Investment based on short-term and long-term time is divided into short-term investment in a period of less than one year and long-term investment period of over a year's period falls. Discussion investment risk, which means no occurrence of future earnings or growth investor or any other issue that led to the loss of invested capital is also an important issue. Investors behave according to risky or conservative to venture capital divided. (Diamond, SphbanNagornoBaba, 1388)

Investment risk

Loss Potential Able Size Trade One Capital Share To Risk Called.

In Culture And Bed, Risk To Meaning Chance And Possibility Damage And Or Loss And Loss Definition By, And Definition Financial And Quantitative Risk, Distribution Possibility Output Every Capital Share Is. In Culture Manage Guide, a door Definition Risk The Is Risk Phrase Is From Every Something That living room Or Next Property Or Power Business Money Company, Institution Or Organizational To Threaten does. Weston And Brigham door Definition Risk One Property Credit risk One Property Phrase Is From Change Likely Output Next From From It Property. Any investment is faced with the lack of assurances that the return on investment is risky in the future. The risk of a capital asset is because it is likely that the return of assets is less than the expected return is. So the risk is the probability of difference between actual and anticipated returns or risk can be a Asset returns are likely to change the future of the property. One of the types of investment risk is the risk of inflation. Risk of inflation to uncertainty about the level of inflation in the coming years is applied. In other words, the inflation risk Deviation of actual inflation rate depends expected. Investors Before deciding to invest in inflation in the future And add it to your expected rate of return, so when evaluating future investment returns with a The discount rate to convert the current value of the investment. Nzkh increase in the present value of the discount is reduced. If real inflation is higher than expected inflation rate. Rate Real returns that investors earn from their expected rate of return will be lower. As mentioned, risk Inflation refers to the change of an investment. Economists inflation through price index calculation and Consumer price index inflation is the best way to determine. When we calculate the expected rate of return We must also take into account the impact of inflation, then the effect of inflation, the expected return on a capital asset, Such as changing interest rates mentioned in the previous section, will be. (Anonymous, 1393)

Capital Management

The word, asset management is often used instead of managing common investment funds, while asset management can be all kinds Capital Share Like Manage Capital Share Personal Applicable Cause. Site Capital Share Of That Expertise Manage Advisory From the side Capital Investors Personal (Consultants Wealthy) Is often wealth management or portfolio management investment services say. "Investment Management Services" includes an analysis of financial statements, asset selection, stock selection, implementation and monitoring of investment flows. Investment Management is a global industry and is responsible for managing trillions yuan, dollar, euro, pound and yen in the world. (Jones, 1386)

Types of investments

Investments are classified in different ways

Based on investment

Investments subject to two sets of real investment and financial investment to be split. Investment is an investment that's really worth sacrificing the present time, a real asset gains. In fact, investment, finance is real. buy property or apartment, an example of this investment. The financial investment, in exchange for sacrificing the present value, resulting in a financial asset that usually acquires a stream of cash. Investments in securities such as equities or bonds, a person in exchange for money, the right to receive cash flow from the profit, financial investment is. (Piety, 1389)

Based on time or for investment

Over time, the investment can be short-term or long-term up to one year or more than a year divided .

In terms of risk or investment risk

The benefits derived from investment in the future and the realization of these benefits, there is no certainty the types of investments with some degree of probability of achieving the desired benefits or risks facing investors. Based on the amount or probability of the failure of interests future (or risk) is how three types of investment can be distinguished :

Investment commensurate with risk

More relative risk investment (speculation)

Investment risk or risk (gambling)

Capital Share Targeted With Use From Tools New

Production Wealth From Way Investment Possible Is And One Investment Time To Production Wealth Lead That With Study Detailed And For Targeted the face Is.

Technologies New Information And Communications, Bed Right To To Collection Information And Study Before From Investment Prepared And And With Use From This Tools, Investors You canal Parameters And Factors Effective On Investment To Case Study And Check The Answer. Many organizations are struggling with various investment opportunity for profit and benefits for retired military personnel and human resources, and even their own coverage. Also, in some organizations to provide consulting units Funding for the provision of services to staff there. Also, some organizations have established investment firms such as hedge funds and funds of enabling or co-operatives try to capital stagnant or shrinking population coverage in different areas operate for profit. . (Lion Kayani, 1388)

Swelling of the company

The most fundamental concept in evaluating the financial condition and results measurement related to the performance of institutions, the concept is to preserve capital. From this perspective, the realization of real benefit to the creation of a surplus means that the harvest and consumption of non-productive effect on the capital did not create a. From Because every business must pay annually as a share of profits, interest and income tax to investors, creditors and government officials to pay, recognizing that the sums distributed ROI or return on investment is crucial. The results of research Amini and Kian in the year 1376 to 1378 show that inflation was eroding the capital solar companies have been . (Gaskar and others, 1383)

Conclusion

Inflation as one of the The most economic variables influence has long been considered. Relation- Between inflation and that many variables such as investment and stock, including discussions of controversial among researchers. Balance based on market value There is not nominal And the capital- Inflation as one of the Most macroeconomic variables affecting the decision Making for a capital Investment account Fall.

If inflation is well in advance The nose, the capital Investors simply the percentage increase Of the case as inflation returns Its expected Add and market equilibrium Alone. So, as long Predictable inflation is no longer a source The instability and uncertainty there is and the Systematic risk and unsystematic risk can share with and without attention to this risk based on value Realistic estimates Or on the basis of face value, recounted. But when That inflation is unexpected and unpredictable, with a difference we are.

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