

Impact of government expenditure and public revenues on Iraq's Stock Market Year Index (2004 - 2022)

Batoul Matar Ebadi
Mohamed Saad Gouda

University of Al-Qadisiyah

Corresponding Author : Ruqaya Hamid Shatti

Abstract : This study aims to show the impact and degree of correlation of government expenditure and public revenues in Iraq's Stock Market Year Index for the period 2004-2022 and the extent of their correlation by examining the reality of expenditures and revenues. By relying on data on study variables and the reality of the Iraqi stock market through the analysis of the subordinate variable (general stock price index) and using standard methods to determine the impact of public spending (General income) on this indicator during the study period (2004-2022). The study shows that the independent variables of government expenditure and public revenues have an impact on the general index of Iraq's stock market. This impact varies according to the level of economic and social development. Their effects differ depending on the type of policy pursued if an expansionist policy stimulates the economy, which has a positive impact on the market index. The research problem was to indicate the impact of government expenditure and public revenues in the Iraq Stock Market Index, which may affect all economic aspects. Through this study, we conclude that public spending has a fluctuating effect. Contrary to the impact of the public revenue index, the general index of the Iraqi securities market has the greatest impact on the general index of the Iraqi securities market. Revenue and lack of reliance on oil revenues by using other mechanisms and means of financing with the need to rationalize public expenditure as well as focusing on sources that are stable and relatively stable. This expansion of revenues may contribute to bringing to Iraq's stock market more investments.

Keywords: Government expenditure, public revenues, financial markets.

Introduction: Financial policy is one of the important economic policies that have a key role in promoting economic development and influencing banking economic activity, because of the tools and elements that this policy possesses and the extent to which it is able to manage those elements in terms of how to obtain expenses and revenues and estimate the possible resources to obtain these revenues, as well as to ensure economic stability. The stock market, like other markets, is also affected by various factors and events, whether from inside or outside the market. Some of them may have a positive impact on its performance and the other has a negative impact, which causes fluctuations in its indicators. To reduce these fluctuations, it is necessary to identify the factors causing these fluctuations and how their effects are transmitted. Therefore, economic factors, including Financial, have received great importance from analysts as one of the external factors affecting the stock market, based on the above. The study seeks to investigate the role of fiscal policy in promoting trade in the financial market and the recovery of the economy as a whole. This applies if the appropriate fiscal policy variables are implemented in a timely manner. The study deals with the analysis of the role of some financial policy variables in the Iraq Securities Market Index for the period (2004-2022) and the extent of their success in achieving economic growth, and some financial policy indicators such as public expenditures and public revenues were studied and the analysis of indicators of the performance of the Iraq securities market. Economic recovery occurs as a result of high returns on stocks and various services that are often affected by some variables of fiscal policy. Therefore, the study aims to discuss some of the financial variables that affect the market index, and identifying these variables will enable the financial authorities to focus on them and manage them in a manner that improves their performance.

Importance of research

The importance of the study lies in the impact of government expenditures and public revenues on the general index of equity prices in Iraq's stock market. By measuring and analysing the shape of the relationship between government expenditure and public revenues and the general index of Iraq's stock market using the statistical and standard models adopted by the study.

The search problem

I - is there a moral impact of fiscal policy (government spending, revenues) in the market index From which the questions branch out

A - is there a moral impact of government spending in the market index

B - is there a significant impact of revenues in the market index

Research hypothesis

1-there is an impact of financial policy variables in the market index. Increased government spending and tax cuts increase economic activity and demand for products and services, which leads to increased profits for companies

A-there is a significant impact of overhead expenses in the market index

B-there is a significant impact of public revenues in the market index

The purpose of the study

The study aims to analyze and evaluate the impact of some financial policy variables represented (public expenditures, public revenues) in the general index of stock prices in the Iraq Stock Exchange. Using statistical and standard models to determine the form of the relationship and identify the reality of financial markets and the relationship between the variables of Financial Policy and estimate standard models consistent with economic concepts

Research methodology

In order to achieve the objectives of the research and prove the hypothesis, the researcher adopted the use of analytical and standard method to indicate the impact of some financial policy variables in the market index in Iraq, by tracking the development of financial policy indicators in Iraq and analyzing them in order to find out the size of the impact left by each of the variables of Financial Policy and in the Iraq Stock Market Index.

Structure of the study

The study was divided into three sections, the first section was devoted to the conceptual framework of Financial Policy and its variables, financial markets and indicators, the second section included the analysis of some financial policy variables and the analysis of the indicators of the Iraqi stock market and its relationship to the development of financial policy variables during the study period, the third section was

First Research: Conceptual Framework for Government Expenditures, Public Revenues and Financial Markets

First: the concept of Financial Policy and its objectives

Financial policy is a term originally derived from the French word "Fisc", which means the edge of money or treasury, and financial policy was intended from its original meaning as both public finance and the state budget and promoted the use of this term widely and academically by publishing the book "Financial Policy and business courses" by Professor Alvin .H. Hansen (Tarek El-Haj, 2009, 201) reflects the concept of fiscal policy, which involves the use of government spending and taxation policies to achieve many government goals and their practical application. (D.Abdul Ghafoor, 2009, 222) and in another definition they are considered and approved procedures and policies related, on the one hand, to the level and pattern of government spending, and, on the other hand, to the level and structure of revenues received by the government.(Discussion, 2003,271) as it is known, it is a tool for using both taxes and government spending as well as loans for the purpose of influencing aggregate demand, depending on the economic situation of the country and its role in achieving economic growth, reducing unemployment and achieving equity through income redistribution.(Al-khikani, 2015,45). Some defined them as direct interventions carried out by the financial authority to influence the level of economic activities in a way that ensures the impact on income levels, full use and national output using financial policy tools, public revenues and public expenditures. (Divied C '2010:260) .

Objectives of fiscal policy

Fiscal policy aims to achieve the objectives of economic policy through the use of its financial tools by the government. It contributes to achieving economic development, achieving social justice and achieving economic stability by adapting its tools, and among the objectives of fiscal policy are the following.

1-achieving economic efficiency in the allocation of economic resources :

It includes the goal of achieving economic efficiency and directing resources in the most efficient way possible to achieve the optimal use of the economic resources possessed by society. In other words, the state intervenes in the allocation of resources between different public uses according to a certain order of priorities, with the aim of maximizing public interests or benefits (khikani and Mousavi, 2015, 46)

2-achieve full employment:

Fiscal policy plays an effective role in determining employment levels, wage and price levels, and in achieving economic stability, the goal of which began to receive increasing attention after the Great Depression (1929-1932), in which fiscal policy should play a key role. . Keynes called for solving this problem by increasing government spending or reducing taxes, thereby increasing the volume of investment and increasing jobs and the ability to make full use of available resources(The Valley, 2010 , 191).

3-Achieving economic stability Achieving Economic Stability

The purpose of fiscal policy is to stabilize production and employment. Achieving economic stability does not mean that various economic sectors are stagnant, it means preventing constant fluctuations in production, income, and price levels. Economic stability implies making full use of existing economic resources, avoiding sudden changes in the general level of prices, maintaining a moderate real growth rate of GNP. (Banaf , Ali, 2020, P. 23)

4- Optimal allocation of resources

The concept of resource allocation refers to the distribution of material and human resources between different uses and purposes, both public and private, with the aim of the state allocating resources to achieve the highest level of well-being of its people. (Mahmoud, Ramadan., 2005, 33)

5-income redistribution Income Redistribution

Fiscal policy affects the desires of individuals to consume, save and invest if they expect that high taxes will affect their earnings and money. If the goal of fiscal policy makers is to redistribute income more equitably in favor of low-income people and reduce income inequality, the volume of consumption will rise and fall. In such a case, Society will spend a large percentage of its income for the purpose of satisfying its consumption needs by saving, and therefore the total amount of savings will decrease, which ultimately leads to the restoration of balance in favor of low-income groups(Sultan, 2006, 15)

6-achieving economic growth economic growth includes the growth of real national income, not nominal, and fiscal policy contributes to achieving this growth through its tools affecting the aspects of investment and public and private consumption and through spending policy through the expansion of investment expenditures to achieve economic development. (Hassan, 2018, 19).

Third: stock markets and their indices conceptual framework

1-stock markets

The term financial market is used in the narrow sense to refer to the stock market or Stock Exchange and in the broad sense it refers to the total financial flows in a society, whether in the short, medium or long term, between its units, institutions and sectors. In view of such a broad meaning, the financial market is not limited to a specific place, but to specific transactions. Therefore, we can say that the financial market includes the central bank, commercial banks, insurance companies, financial investment institutions, financial institutions, stock exchanges and all institutions that deal with financial flows .(Khalaf,2004, p. 3).

Financial markets are defined as markets in which funds are transferred from people who have a surplus of available funds to people who have a deficit and work to increase economic efficiency, because funds are directed from entities that do not have a productive use for them to entities that invest in various productive activities. (Frederic.S, 2009'p4,) the securities market is also defined as the channel through which money is transferred from savers to investors through the purchase and sale of securities and their derivatives directly or indirectly. It is not necessary to have a specific place for this market; it is enough to have effective means of communication between the parties. The world of Finance and markets over the past few decades has witnessed significant changes and events.(Keith Pilbeam, 2010,p3).

2-indicator for measuring the performance of financial markets :-

Financial market indicators serve many purposes and are very important for investors who trade in financial markets to make investment decisions. In addition, the analysis of indicators measuring market conditions can serve as a mirror reflecting the overall economic situation of the country, as well as enhance the ability and predictability of the situation. The most important indicators of the future of the economy and the performance of the stock market are:

A-the general index of stock prices : it is a statistical indicator that measures the overall performance of the market and consists of the average price of a group of stocks, and is used as a general measure of market movement. Given the multiplicity of shares in each financial market, which reflects the general trend of market efficiency and activity, it is difficult to measure this trend without resorting to determining the average share prices of listed companies on the market. (Taleb, al-Moussawi, 2013, p. 204)

First: analysis of overhead expenses for the period (2004-2022)

Through Table (1), the analysis of overhead expenses for the period (2004-2022) will be carried out.532,117) billion dinars in 2004 and then increased to (6,116,959) million dinars in 2022 with a growth rate of (13.72%) the expansionary policy continued to move forward for the period (2006-2008) and public expenditures then began to rise until 2008,reaching (59,403.4) billion dinars with a growth rate of (52.19%), the reason for this is due to the continuation and increase of employment in the government sector and the issuance of a new salary law, according to which the salary scale was amended, which requires an increase in spending to keep pace with these developments, as well as an increase in Government spending to meet the security challenges in that period. After that, public expenditures began to decline continuously until 2016 reached (73,571.3) billion dinars, recording a negative growth rate of (11.16%) due to the decrease in public revenues by a greater percentage than the decrease in public expenditures, especially the decrease in oil revenues caused by the continuous decline in crude oil prices in those years

(2014, 2015, 2016), as the price of crude oil in the OPEC basket reached (96.29, 49.49 and 40.76) dollars per barrel (Iraqi Ministry of Finance, Economic Department, analytical reading of the federal General Budget, 2017, 8), but in 2021 public expenditures returned to a gradual increase, reaching (102,849.7) billion dinars with a growth rate (35.18%) expenses have increased as a result of unexpected spending on vaccines, which the authorities hope to compensate from the World Bank funding for vaccinations announced that year (unified Arab Economic Report, 2022, 194), but in 2022 expenses amounted to (116959.6) billion dinars with a growth rate of (13.72%) as Table (1) shows the development of public expenditures in Iraq.(Iraqi Economic Outlook report, 2021, 27)

Table (1)

Annual growth rate %	General expenses	The years
-	32,117.5	2004
-17.88	26,375.2	2005
47.13	38,806.7	2006
0.58	39,031.3	2007
52.19	59,403.4	2008
-11.51	52,567.2	2009
33.42	70,134.2	2010
12.3	78,757.7	2011
33.5	105,139.6	2012
13.3	119,127.6	2013
-2.67	115,937.8	2014
-28.57	82,813.6	2015
-11.16	73,571.3	2016
2.61	75,490.2	2017
7.13	80,873.2	2018
38.15	111,723.5	2019
-31.9	76,082.4	2020
35.18	102,849.7	2021
13.72	116,959.6	2022

Source: prepared by the researcher based on the bulletins of the central bank, the General Directorate of Statistics and research for the years (2004-2022) the third column of the table above was prepared by the researcher based on the bulletins of the Central Bank of Iraq for public expenditures for the years (2004-2022) and the growth rate was calculated by the researcher according to the following formula $\text{growth rate} = (\text{previous year} - \text{current year}) / (\text{previous year}) * 100$

Second: Analysis of public revenues in Iraq for the period (2004-2022) :

We note that public revenues have increased in an upward direction, reaching (32982.7) billion dinars in 2004 and continued to rise to (80252.2) billion dinars in 2008, with a growth rate of (46.98%). the reason for this increase is due to the changes that occurred in Iraq after 2003, Iraq came out of the economic sanctions that were imposed on it, which helped to resume the export of oil, which is the main source of public revenues, where it accounted for about 90% of GDP the remaining percentage is covered by non-oil revenue sources as well as local and foreign loans, after which revenues decreased in 2009 to (55209.4) billion dinars with a growth rate Annual (31.2%) due to the decline in oil prices and the dependence of the Iraqi budget on oil revenues, which negatively affected the volume of revenues in the budget (Economic Report for various years)• The mortgage crisis that occurred in 2008 also affected the decrease in the volume of revenues, but in the years (2013-2016) the volume of public revenues decreased to (54839.2) billion dinars, with a negative annual growth rate, which reached in 2016 to (17.5 -%) due to the decline in oil prices and the dependence of the budget on oil revenues, which negatively affected the volume of revenues in the budget, but in the years (2017 - 2019) the improvement in public revenues has begun, as the volume of revenues reached (107567.9, 106570.8, 77422.1 billion dinars with an annual growth rate of (41.18%•37.64%•0.93%) due to the improvement in oil prices, as well as getting rid of the conditions that Iraq was suffering from, represented by the control of terrorist groups over some areas of Iraq and the accompanying liberation operations, all this positively affected the economic situation, but in 2021, public revenues began to rise, reaching (109081.5) billion dinars, with a growth rate of (72.6%) as a result of the improvement of Iraq's oil revenues since the beginning of 2021 gradually against the backdrop of rising world oil prices and increasing the share of Iraq's production in OPEC As for 2022, public revenues witnessed a significant improvement, reaching (161697.4) billion dinars with an annual growth rate of (48.23%) as a result of the recovery of economic activity, relative improvement in the epidemic situation, the recovery of the international economy, increased global demand for oil, higher tax revenues and government fees, as well as the rise in world oil prices contributed to an increase in oil revenues,

Table (2) shows the development of public revenues in Iraq for the period (2004-2022).

Annual growth rate %	General revenue	The years
–	32,9827.	2004
22.8	40,502.9	2005
21.13	49,0634.	2006
11.28	54,5995.	2007
46.98	80,2522.	2008
-31.2	55,2094.	2009
27.11	70,1782.	2010
55	108,8074.	2011
10.12	119,8172.	2012
-4.98	113,8408.	2013
-7.44	105,3643.	2014
-36.69	66,4703.	2015
-17.5	54,8392.	2016
41.18	77,4222.	2017
37.64	106,5698.	2018
0.93	107,567.9	2019
-41.24	63,200.7	2020
72.6	109,081.5	2021
48.23	161,697.5	2022

Source: table prepared by the researcher based on (central bank, General Directorate of Statistics and research, annual bulletins (2004-2022) the growth rate is calculated by the researcher based on the following formula $\text{growth rate} = \frac{(\text{previous year} - \text{current year})}{(\text{previous year})} * 100$

Third: analysis of the indicators of the Iraqi stock market for the period (2004-2022)

There are many indicators in the Iraq securities market that are used to analyze and evaluate its performance and thus know the general trends of the market , and we will touch on these indicators in order to analyze the reality of this market and Table (3) shows the movement of the indicators of the Iraq securities market.

Annual growth rate	General stock price index	The years
–	24.67	2004
85	45.644	2005
-44.6	25.29	2006
36.77	34.59	2007
69.38	58.36	2008
72.82	100.86	2009
0.12	100.98	2010

34.7	136.03	2011
-8.09	125.02	2012
-9.49	113.15	2013
-18.69	92	2014
-20.6	730.56	2015
-11.1	649.48	2016
-10.61	580.54	2017
-12.13	510.12	2018
-3.31	493.76	2019
2.89	508.03	2020
12	569.2	2021
2.94	585.95	2022

Source: prepared by the researcher based on the data of the annual reports of the Iraq stock exchange for the period (2004-2022) and the calculation of growth rates by the researcher according to the following formula $\text{growth rate} = (\text{previous year} - \text{current year}) / (\text{previous year}) * 100$

1-the general index of stock prices :

Iraq uses this indicator as a record to measure the movement of stock prices for a sample of companies whose shares are traded regularly in the market, as the weights of the base session are fixed and measured as 100%, and then the index is measured in each session based on comparing its value with the value of the base and then comparing its value in today's session with its value in the previous session to determine its percentage and the value of the change. In 2004, the value of the index reached (24.67), as it reached in 2005 (45.64) with an annual growth rate (85%) and continued to decline until 2006 reached its lowest level (25.29) with a negative annual growth rate (44.6 -), and the decline in this index is due to various reasons, including security instability, aggravation of a number of problems in the lives of citizens and the slow performance of many Joint-Stock Companies in addition to the decline in crude oil prices and the decline in export volumes, as well as the occurrence of the crisis world economy, and in 2007, the index returned to rise, reaching (34.59) with a growth rate of (36.77%) after the implementation of the investment law No. 13 of 2006, which allows non-Iraqi investors to trade in the market Iraq Securities Exchange, as well as the return of prices and the amount of oil exported to rise The value of the stock price index continued to gradually rise to (136.03) in 2011 with a growth rate of (34.7%) and this increase reflects the improvement of investment activity in securities, (stock market, Annual Report for various years) and then the value of the index began to decline gradually during the years (2014, 2013, 2012) to reach (92) in 2014 and the reason for this significant decline in the value of the index due to the deterioration of the security, political and economic situation, represented by with the terrorist attacks witnessed in the country this year by terrorist groups gangs and the decline in oil prices globally, the index continued to decline until the years (2021, 2020) start to rise The annual growth rates of the index reached (2.89%, 12%) due to an increase in the level of oil prices, the return to normal life and the rise in global demand for goods, in addition, the number of companies traded on the stock market increased to (105) companies, but in 2022 the growth rate of the index reached (2.94%)(annual report of the Iraq Stock Exchange)

Third topic: analysis and measurement of the impact of some financial policy variables on the market index

First: coding and characterization of variables

In order to extract the results that the study aims to measure, we must perform a set of symbols

Which describes the variables involved in this study, which are reflected in the dimensions and paragraphs of the variables that lie

In a statement and build a clear perception of the reader WA towards the results of the study, the following table shows that:

Table (1) represents the symbols and terms of the study variables

Market index (dependent variables)		For fiscal policy (independent variables)		
Y2	General market index	General expenses	X1	Fiscal policy
		General revenue	X2	

First: the extended Dickey-Fuller test (ADF)

This test is considered one of the modern tests and the most widely used methods in testing data that determines the stability or not for a time series. This test came to avoid the shortcomings of the simple Dickey– Fuller test, which is based on the assumption that (ut) does not suffer from a correlation problem, that is, they are not related to each other, but the reality shows that errors may be related to each other, on the contrary, the results are inaccurate and for the purpose of getting rid of the correlation problem, the extended Dickey –Fuller test (ADF) is used. , As well as the stability of the series, the time series will be tested in order to make sure that the correlation between the search variables is real.

The results of the Dickey-Fuller test can be illustrated by the following table : :

Table (2) for stability testing of study variables using Augmented Dickey-Fuller test

The Variables			the test in	Test critical values:			P-Value	t-statistics
				10%	5%	1%		
Fiscal policy	General expenses	X1	The Level	-2.66	-3.04	-3.86	0.60	-1.31
			The First Difference	-2.67	-3.05	-3.89	0.00	-5.48
			The second Difference					
	General revenue	X2	The Level	-2.67	-3.05	-3.89	0.35	-1.84
			The First Difference	-2.67	-3.07	-3.92	0.01	-3.93

The Variables		the test in	Test critical values:			P-Value	t-statistics
			10%	5%	1%		
General market index	Y2	The Level	-2.66	-3.04	-3.86	0.65	-1.21
		The First Difference	-2.67	-3.05	-3.89	0.00	-4.57

Through Table (3), we note that the first independent variable (overhead), we note that the original series was stable, as indicated by the value (P-Value), which was equal to (0.00) . For the second independent variable (general revenue), we find that the series stabilized after taking the first difference of the data as indicated by the value (P-Value), which was equal to (0.04). As for the dependent variables (general market index) (market capitalization) (stock turnover rate) (number of companies), we note that the original series was stable at the first difference of the data and as indicated by the value of (P-Value)

Finding the relationship through the matrix of correlations:

Table (4) represents the matrix of correlations between the study variables

Corr.		Fiscal policy	
		General expenses	General revenue
Market index	Total trading volume	0.65	0.50

	General market index	0.48	0.43
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Testing correlations for study hypotheses

In this paper, we will test the correlation relationships of the axes used in our study by extracting the values of the correlation coefficient (Pearson) between the axes of the study. By using the statistical program Eviews and testing the significance of that correlation in order to judge its significance or not, the researcher has divided the correlation hypotheses as follows:

The first main hypothesis is to test the correlation relationship between the axis of fiscal policy and the axis of the market index .

First : testing the correlation relationship between (general expenses and the general market index)

To test the correlation relationship between the overhead variable and the overall market index

H0:there is no significant correlation between overhead and the overall market index.

H1:there is a significant correlation between overhead and the overall market index.

Through Table No. (4), which shows the results of the correlation between the independent variables and the dependent variables, we note that the dependent variable (the general market index) is associated with a strong direct correlation with the independent variable (overhead), where its value was (0.48).

Second: testing the correlation relationship between (general revenues and the general market index)

To test the correlation between the general revenue variable and the general market index

H0: there is no significant correlation between the general revenue and the general market index.

H1: there is a significant correlation between the general revenue and the general market index.

Through Table No. (4), which shows the results of the correlation between the independent variables and the dependent variables, we note that the dependent variable (the general market index) is associated with a strong direct correlation with the independent variable (general revenue), where its value was (0.43).

first: testing the impact of variable overhead expenses on the general market index:

The first hypothesis: - there are significant impact relationships between the variable variable overhead on the general market index and here the following main hypothesis will be tested first:

H0: there are no significant impact relationships between the overhead variable and the overall market index.

H1: there are significant impact relationships between the overhead variable and the overall market index

The regression function of the general market index variable (dependent variable) has been calculated on overhead (Independent variable) and we obtained the following results

Table No. (5) shows the estimation of the regression equation for the independent variable (overhead) and the first dependent variable (general market index)

Dependent Variable: General market index				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	87.03	152.22	-0.57	0.58
General expenses	0.00	0.00	2.63	0.02
R-squared	0.29	Mean dependent var		288.64
F-statistic	6.89	Durbin-Watson stat		2.5
Prob(F-statistic)	0.02			

Through Table No. (5), which shows the estimation of the parameters of the regression equation for the independent variable (overhead and dependent variable (general market index)), we note that the value of the independent variable parameter was equal to (2.63), and we also note that the probabilistic value (P-Value) of the independent variable was (0.02), which is less than 0.05, which is significant, and we also find that the value of (R-squared) is equal to (0.29). As for the value of the test F, we find that the calculated value of F is (6.89), which is greater than the tabular value, and this indicates the morale of the model.. Through the table above, we can note the value of the (Durbin-Watson stat) criterion, whose value was equal to (2.5), and this is evidence that there is no problem of multilinearity.

Second: testing the impact of the public revenue variable on the general market index:

The first hypothesis: - there are significant impact relationships between the variable of the general revenue variable and the general market index, and here the following main hypothesis will be tested first:

H0: there are no significant impact relationships between the general revenue variable and the general market index.

H1: there are significant impact relationships between the general revenue variable and the general market index

The regression function of the general market index variable (dependent variable) has been calculated on the general revenue

(Independent variable) and we obtained the following results

Table No. (10) shows the estimation of the regression equation for the independent variable (general revenue) and the dependent variable (general market index)

Dependent Variable: General market index				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	91.20	159.51	0.57	0.58
General revenue	0.00	0.00	1.33	0.20
R-squared	0.09	Mean dependent var		288.64
F-statistic	1.77	Durbin-Watson stat		0.56
Prob(F-statistic)	0.20			

Through Table No. (10), which shows the estimation of the parameters of the regression equation for the independent variable (general revenue) and the dependent variable (general market index), we note that the value of the independent variable parameter was equal to (1.33), and we also note that the probabilistic value (P-Value) of the independent variable was (0.20), which is greater than 0.05, which is not significant, as well as we find that the value of (R-squared) is equal to (0.09). As for the value of the test F, we find that the calculated value of F is (1.77), which is greater than the tabular value, and this indicates the irrelevance of the model

Conclusions: -

- Standard, statistical and economic results reflecting a morally significant effect between the independent variables (government spending and public revenue) and the market index (general equity price index).
- We conclude that the data for the period (2004-2022) was stable at the first end and this is evident through the p-value values.
- We conclude that the relationship between public expenditure and public revenue and the market index was a foreign relationship.

Recommendations: -

1. A complete fiscal policy should be pursued to ensure that financial and monetary variables are coordinated, prioritize the diagnosis of economic constraints and develop appropriate solutions.
2. Financial authorities must provide periodic or annual statistical and economic databases compiled according to international methodologies, as well as statistical cooperation with government and central agencies such as central banks, the Ministry of Planning and central offices.
3. Many similar studies should be carried out on this subject and in other financial markets, so that we can obtain clear scientific results that reflect the extent to which public spending and public revenues affect the general index of financial markets both developing and developed countries.

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