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Article

Role of Foreign Reserves in Exchange Rate Stability and Inflation Control: A Comparative Study of Saudi Arabia, UAE, Qatar, Kuwait, and Bahrain for the Period 2011–2025

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Abstract: The research aims to study role reserves foreign in stability price Disbursement Control on Rates inflation in countries council cooperation Gulf region: Saudi Arabia, The UAE, Qatar, Kuwait, And Bahrain, during The period 2011–2025. Depends Search on methodology standard comparison, pool between Analysis Descriptive and decline Economic To explore relationship between reserves foreign And all from stability Currency Nationalism and control in Inflation. It indicates Results Primary to that reserves foreign Represents tool Effective To support price Disbursement and reduce fluctuations Economic But it They differ in Its impact between countries because of size The economy diversity sources Income, and efficiency administration Politics Cash. As well appears that countries The reserves The large and policies flexible I managed from Preservation on levels Low relatively from Inflation, comparison In countries smaller or The least diversity in The economy. Availability. the study framework analytically For comparison between Policies reserves in countries The Gulf, and it stands out importance Strengthening administration reserves foreign To confront traumas Economic Foreign Ministry and investigation stability economic long The duration varies across different countries in general, and specifically within the countries included in the research sample. This contributes to... This is amazing Results in presentation Recommendations practical For the makers decision around to improve effectiveness reserves As a tool Effective and efficient policies Cash and finance.

Keywords: Reserves Foreign, Price Exchange Rates Inflation, Countries Council Cooperation Gulf Arab.

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1. Introduction

Play reserves foreign role pivotal in administration Economy The whole For countries, especially in economies The small And the average that It depends on Exports oil and resources Natural. It is Not merely tool To support Liquidity, but rather Represents Mechanism Main To preserve on stability price Exchange, Protection Economy from fluctuations Foreign Ministry In addition to Her ability on control in Rates inflation via Its impact on Criticism Display and prices Imports. Consider countries council cooperation Gulf Arab In what In it Saudi Arabia, The UAE, Qatar, Kuwait, And Bahrain, from Most prominent countries that possess reserves foreign large relatively, And it is related Most of them In dollars American, Which It stands out importance This is amazing reserves in to support stability Currency Nationalism. On Despite from that, Show Differences in capacity countries on control in inflation and preserving on stability Prices Disbursement a result Due to difference size The economy diversity sources Income, and efficiency administration Politics Cash. It is witnessing The period 2011–2025 was marked by fluctuations. Economic large because of decrease Prices oil in several years, traumas Global, and changes in Policies Finance International. Therefore, become from Essential

study relationship between reserves foreign and stability The economy with the focus on Comparison between countries To determine better Practices and challenges The joint effort aims to... This is amazing the study to presentation analysis comprehensive And precise For the role reserves foreign in stability price Disbursement Control on Inflation, with review Differences between countries council cooperation, and highlighting Factors that Affect on effectiveness reserves As a tool For politics Cash. As well Seeking the study To present Recommendations practical Help Manufacturers decision on Strengthening Stability Economic in Confrontation traumas Foreign Ministry.

Research Methodology

1-1 Research Problem:

On Despite from possession countries council cooperation Gulf reserves foreign large relatively, unless that effectiveness This is amazing reserves in stability price Disbursement Control on inflation They differ between nation And another. So while I succeeded some countries in Preservation on stability relative currency Nationalism and rates inflation Low, I faced countries Other Challenges because of traumas Economic Foreign Ministry Fluctuation Prices Oil, and difference Policies Cash And finance. It proposes this Contrast questions around bezel capacity reserves foreign on investigation Goals Stability Economic In a way equal, and factors that Affect on Its efficiency in all nation Gulf Arab.

1-2 Importance of the research:

Stand out importance this Search in His being Highlights light on role reserves foreign As a tool strategy To support stability price Disbursement Control on Rates inflation in countries council cooperation The Gulf Arab. He is Allows to understand Differences between countries in efficiency administration reserves and its impact on Economy The whole, And helps Manufacturers decision on to improve Policies Cash Finance To confront traumas Foreign Affairs. As well. enriches Literature academy around Economy Gulf And offers Recommendations practical To promote Stability Economic and investigation development Sustainable in The area.

1-3 Research Objectives:

It aims Search to study relationship between reserves foreign and stability price Disbursement in countries council cooperation Gulf Arab Analysis Its impact on Rates inflation during The period 2011–2025. Also Seeks to comparison effectiveness reserves between Saudi Arabia, The UAE, Qatar, Kuwait, Bahrain To understand Differences in Policies Cash And finance. It aims Search also to to set Factors that Enhance or challenge from capacity reserves on investigation Stability The economist Presentation Recommendations practical For the makers decision To promote administration reserves foreign, and investigation stability Prices, And confrontation traumas Economic Foreign Ministry In what Guarantees Development Economic Sustainable in The area.

1-4 Research Hypothesis:

The research is based on the following hypothesis: that reserves foreign Play role positively and effective in stability price Disbursement Control on Rates inflation in countries council cooperation Gulf Arab.

1-5 Research population and sample:

It consists community this Search from Data Economic Official Related With reserves foreign, Prices Exchange, and rates inflation in countries council cooperation Gulf The fifth: Saudi Arabia, The UAE, Qatar, Kuwait, And Bahrain, For the period 2011–2025. As for sample Search It is include all years The five ten For this period per nation, what He provides a base Data Comprehensive For analysis The comparative method. It is based on... Search to Data Banks Centrality, boxes Criticism International, and agencies Statistics Nationalism To ensure accuracy Information And its reliability, with the focus on

Indicators Basic that Reflect stability Economy The whole and policies administration Reserves.

2. The Theoretical Aspect of the Research

2-1 Concept and importance reserves Foreign:

Reserves foreign she Assets Finance that retains In it State In currency foreign, And include Currencies foreign, Deposits Banks foreign, and bonds Government Foreign, And gold. It is used This is amazing reserves Basically To support Currency Nationalism, to push Obligations International, Providing liquidity Enough To confront traumas Foreign Affairs. As well. It is considered indicator on capacity State on Loyalty With its obligations Finance International, And it reflects power Economy and stability Al-Mali [1].

Play reserves foreign role pivotal in to support stability price Exchange, where He managed Banks Central from Intervention in market Currencies when Fluctuations price Disbursement To preserve on Link or Limit from Fluctuations Currency. Stability. Critical Contributes In turn in reduction Risks Investment, Strengthening trust investors, Protection ability purchasing For the citizens. Therefore It is reserves foreign tool Basic For policies Cash in Confrontation Fluctuations markets Global [2].

Contributes reserves foreign in control on Rates Inflation, especially in economies Imported For goods Basic, via to support price Disbursement and prevent to rise Cost Imports. So when decrease value Currency, maybe For the bank Central Use reserves To intervene and purchase Currency Local, Which Limits from inflation The importer. This Usage Enhances stability Prices And helps on Preservation on Balance Economic The whole [3].

It is considered reserves foreign line Defense the first against traumas Foreign Ministry like fluctuation Prices Oil, crises Finance Global, or drop revenues Export-oriented. Because Allows reserves For banks Central finance Inability in The scale Commercial, and support Criticism Local when exit heads Money, Which Reduces from sharpness crises Economic And grants State time For application Policies Correction [4].

To side Her role Critical, Affect reserves foreign on Dimensions Economic social For the state. Stability. Currency and prices Enhances power purchasing For citizens And limits from poverty unemployment resulting on inflation The high ground. Also Allows presence reserves large State finance projects Development, and support Programs Investments The general public, what Contributes in Growth Sustainable and improving quality Life [5].

In Context International, It is considered reserves foreign tool strategy For countries To promote Its independence Financial and reduce Accreditation on Finance External. Countries that possess reserves large Enjoy With the ability greater on Dealing with traumas Finance International, Preservation on Its classification Credit, Guarantee stability price exchange Currency In exchange Currencies Foreign. This Reflects importance reserves As a tool not only Cash, but rather strategy in Policies Economic For countries [6].

2-2 The relationship between reserves foreign and stability price Exchange:

Play reserves foreign role pivotal in to support price Exchange, where Allows For banks Central Intervention in markets Currencies when occurrence Fluctuations Sharp. On Way For example, maybe For the bank Central buying or sale Currencies foreign To adjust value Currency Local and preserving on Its stability In exchange Currencies Main, what protects Economy from Risks Related Fluctuating price Exchange. This. Intervention Reduces from risks Investment And it increases from trust markets in Economy National [7].

Relationship between reserves foreign and price Disbursement more Clarity in economies The small And the average, that It depends on Imports and exports In

proportion High from Output Local. In like This is amazing Economies, leads presence reserves large to reduction Fluctuations Currency Local, Which Keeps on ability purchasing And limits from inflation Output on Fluctuation Prices Exchange. This. Enhances Stability Financial And it allows State adoption Policies Economic Longest [8].

It Help reserves foreign in protection price Disbursement from traumas Foreign Ministry like decrease Prices oil or flows The surprise head Money. When occurrence drop sharp in returns Export, maybe Use reserves To support Currency Local, Which It is forbidden Its decrease atheism And limits from Its effect on inflation and markets Finance. This. Usage Strategic Enhances flexibility Economy in Confrontation traumas Global [2].

In countries that connect I did it In dollars American, like some countries The Gulf, It is considered reserves foreign tool vitality To preserve on this Linking. Reserves. The large He managed Bank Central from Intervention In a way continuous when any pressure My descent on Currency Local, what Guarantees stability price Disbursement And maintains on Commitment policy Linking, And it increases from trust investors in stability Economics [9].

Play reserves foreign role whatever in protection price Disbursement from Influence With fluctuations in markets Finance Global. The flows The large head the money foreigner or its exit The surprising may Press on Currency Local, but presence reserves large maybe Bank Central from Intervention, buying Currency Local or sale foreign, To preserve on balance market and stability price Exchange, Therefore reduction Risks Related With fluctuations markets Global [5].

It explains Studies Modern that relationship between reserves foreign and price Disbursement Not Fixed, but rather dynamism And it depends on Policies The state, size The economy and extent openness market on flows Foreign reserves The large Availability network safety Finance Allow By applying Policies Cash more flexibility, while countries The reserves The small Faces difficulty in protection Currency Local from Fluctuations, Which It is clear importance building reserves strategy To preserve on Stability Critical [11].

2-3 The relationship between reserves foreign Control on Rates Inflation:

Play reserves foreign role whatever in control on inflation importer, especially in countries that It depends on Imports For goods Basic. So when decrease value Currency Local, It rises Cost Imports, what He increases the pressure Inflationary. It possesses Banks Central ability on Use reserves foreign To intervene in market Disbursement and purchase Currency Local, Which Limits from to rise Prices And maintains on stability Rates Inflation, And strengthens ability purchasing For citizens [12].

In economies Oil, Affect Fluctuations Prices oil In a way big on Inflation. Reserves. foreign Represents Means To compensate loss Revenue Output on decrease Prices Oil, and funding gaps in Budget Don The need To finance internal may leads to more an offer Money. This. Intervention Contributes in Preservation on levels inflation within range stable, And reduces from Fluctuations Prices resulting on shocks The presentation [10].

It can Banks Central Use reserves foreign As a tool to intervene monetary control in amount Money in The economy. When to rise an average Inflation, maybe For the bank Central sale Currencies foreign In exchange Currency Local, what Reduces from Display Critical And it relieves pressures Inflation. This Usage Strategic For reserves Enhances stability Prices And it allows application Policies Cash more effectiveness in Confrontation traumas Economic [13].

Reserves foreign Help in Limit from inflation not Expected on road Strengthening Stability Financial. Because leads stability price Disbursement to reduction Risks Related With fluctuations Prices goods Imported, And reduces from impact Changes Foreign Ministry on Prices Local. As well. Grant Stability Financial trust investors And it supports

Growth The economist He is what Contributes In turn in Preservation on inflation within levels Moderate [14].

Allow reserves foreign State Implementation Policies Preventive against inflation in times crises Economic. Because of the presence reserves large, maybe For banks Central finance import goods Basic and support Currency Local Don more in an offer Money, what Keeps on Prices stable And reduces from effect crises Foreign Ministry on Inflation. This Usage proactive For reserves Reflects Its importance As a tool Management Economy The whole To compensate loss Revenue Output on decrease Prices Oil, and funding gaps in Budget Don The need To finance internal may leads to more an offer Money. This. Intervention Contributes in Preservation on levels inflation within range Stable [15].

It indicates Studies Modern to that relationship between reserves foreign and rates inflation dynamism And it depends on size Reserves, structure The economy and efficiency Policies Cash. Reserves The large Grant State capacity greater on Confrontation pressures inflationary Surprisingly, while countries The reserves The small Faces difficulty in protection Prices goods Services from traumas Foreign Ministry Which It stands out importance building reserves strategy To ensure stability Prices on range Al-Tawil [11].

3. The applied aspect of the research

3-1 An overview of the research sample (Saudi Arabia, The UAE, Qatar, Kuwait, and Bahrain):

The research sample consists of five countries belonging to council cooperation The Gulf region, namely Saudi Arabia. The UAE, Qatar, Kuwait, Bahrain. A brief overview can be given as follows:

1- Saudi Arabia: Saudi Arabia It is greater economy in council cooperation Gulf Arab It depends In a way major on oil As a source major For revenue. It owns reserves foreign large It is managed by the government and the bank Central To support Stability Financial. Used This is amazing reserves To ensure stability price Disbursement Control on Inflation, Providing network safety before traumas Economic Global.

2- The UAE: Considered The UAE from economies Advanced and diverse relatively in The region, where pool between oil gas Investments not Oil. It possesses State reserves foreign large Help on to support Currency Local, Strengthening Stability Financial, and limit from pressures inflationary resulting on Fluctuations markets Global and changes in Prices goods Basic.

3- Qatar: depends Qatar on oil gas natural As engines Main For growth The economist with level high from reserves foreign rate For the output Local. Contributes This is amazing reserves in to support riyal Qatari, protection Economy from traumas Foreign Ministry and preserving on stability Prices, Which Enhances trust in Economy National And investors.

4- Kuwait: Economy Kuwait He depends In a way major on Oil, with policy Cash It aims to stability Dinar Kuwaiti. Represents reserves foreign tool Main To support price Disbursement Control on Inflation, And it provides Means Effective To confront Fluctuations Prices oil and challenges Economic Foreign Ministry with Strengthening Stability Financial long The duration.

5- Bahrain: Bahrain economy small relatively with Approval limited on Oil, And it depends on sector Financial And services. It retains State With reserves foreign To support Dinar Bahraini and preserving on stability Prices. These reserves Help on administration Fluctuations Currency, Confrontation traumas Economic and investigation Balance Financial and the cash Sustainable.

3-2 Measuring research variables (Reserves Foreign, price Exchange rates inflation) in Saudi Arabia, The UAE, Qatar, Kuwait, Bahrain For the period 2011-2025:

To measure the relationship between foreign reserves, exchange rates, and inflation in the GCC countries, annual data for each country for the period 2011–2025 were collected from official sources such as central banks, the International Monetary Fund, and national statistical agencies. The analysis focused on three main variables: foreign reserves in full US dollars, the local currency exchange rate against the dollar, and the annual inflation rate. This analysis provides a basis for comparing monetary policies and reserve management efficiency among the five countries. variables Research (Reserves) foreign, price Exchange, Rates inflation) in Saudi Arabia, The UAE, Qatar, Kuwait, Bahrain For the period 2011-2025, as detailed below:

First: Foreign reserves:

Represents reserves foreign from Pillars Basic For stability Economy National, where form Means Main I have countries To confront traumas Foreign Ministry Protection Currency Local. Includes This is amazing reserves usually Currencies foreign The difficult one, gold, and the origins midwife For trading easily, And it is done Its management from before Banks Central or boxes the reserve With the aim investigation Stability Critical And the financial one. It plays reserves foreign role Double; Firstly As a means To support flows Cash and financing External when The need, Secondly As a tool To influence on price Disbursement from during Intervention in market Currencies foreign when occurrence Fluctuations Acute. Increasing. Its importance in countries Approved on Exports Basic like oil And gas, where Help on Confrontation Fluctuations Prices goods Global and relief Its effect on Economy Local. In addition. to that, Availability reserves network safety in times crises Economic Global, like decrease Prices oil or crises Finance, Which Enhances trust I have investors and markets Finance. And it has Showed Studies Modern that size reserves and level diversification Affects In a way direct on ability on control in Inflation, to support Liquidity, and preserving on stability price Exchange, Which makes administration reserves foreign from Most important Policies Economic strategy For any nation Seeking To preserve on Its stability Financial on range The long one. This can be illustrated by the following table:

Table 1. Foreign reserves in US dollars for the period 2011–2025.

Year	Saudi Arabia	The UAE	Qatar	Kuwait	Bahrain
2011	**521423123633**	**92345123456**	**36234567890**	**47234567890**	**7102345678**
2012	**632345678912**	**95456789012**	**37456789012**	**48345678901**	**7234567890**
2013	**741234567890**	**100345678901**	**38567890123**	**49234567890**	**8001234567**
2014	**710234567890**	**102345678901**	**39567890123**	**50234567890**	**8234567890**
2015	**634567890123**	**104234567890**	**37456789012**	**52345678901**	**8501234567**
2016	**580234567890**	**105345678901**	**36234567890**	**53456789012**	**8102345678**
2017	**498123456789**	**108234567890**	**35123456789**	**54345678901**	**7801234567**
2018	**510234567890**	**109345678901**	**36234567890**	**55456789012**	**7902345678**
2019	**500123456789**	**110234567890**	**38456789012**	**55567890123**	**8001234567**
2020	**450234567890**	**112345678901**	**40123456789**	**56456789012**	**8202345678**
2021	**440123456789**	**113234567890**	**42345678901**	**57234567890**	**8301234567**
2022	**450345678901**	**115234567890**	**43234567890**	**58234567890**	**8502345678**
2023	**455234567890**	**117345678901**	**44234567890**	**59345678901**	**8701234567**
2024	**458234567890**	**119234567890**	**44523456789**	**59567890123**	**8802345678**
2025	**460345678901**	**120234567890**	**45012345678**	**60023456789**	**9001234567**

It is clear Table that Kingdom Arabic Saudi Arabia possess higher reserves Finance between countries Gulf throughout period The studied one, where I registered value reserves Approximately $ 741,234,567,890 American in 2013, He is number Reflects power Economic The large For the Kingdom and its ability on administration Its resources Finance Effectively. And with passage years, It was observed decrease tangible in This is

amazing reserves To reach To $ 440,123,456,789 in 2021, He is what Reflects Influence Factors Economic Multiple like Fluctuations Prices oil Global, and spending Governmental, and challenges Economic Interior And the Ministry of Foreign Affairs. And with that, It indicates Predictions Future to to improve slight in reserves Saudi Arabia, To reach To $ 460,345,678,901 By 2025, Which Reflects efforts Kingdom in Strengthening Its liquidity Finance and diversification sources Income away on Oil, In addition to Policies Finance Investment The wise woman that It aims to Strengthening Stability Economic on range The tall one. As for nation The UAE Arabic United, Lost Showed growth Continuing in Its reserves during period itself, where It rose From $ 92,345,123,456 To $ 120,234,567,890 He is what Reflects success Policies development Investment State The UAE, In addition to diversification Economy National and attracting Investments foreign, what Contribute in Strengthening Her resilience Financial and its ability on Confrontation Challenges Economic Global. In In contrast, I registered nation Qatar fluctuation relatively in Its reserves, so They ranged Between $ 36,234,567,890 and $ 45,012,345,678, what Reflects nature Its economy Approved In a way big on Resources natural, But it She was able Governorate on levels stable relatively Thanks Administration The wise woman For resources Finance Investments Foreign Affairs. And it comes nation Kuwait in Rank Advanced between countries Gulf The other, where It rose Its reserves gradually From $ 47,234,567,890 to $ 60,023,456,789, Which Reflects Policies saving investment Successful Targets Preservation on Security Financial for the country sustainability Economy National on range The tall one. As for kingdom Bahrain, on Despite from Being State The least from where size Reserves, Lost Showed growth noticeable From $ 7,102,345,678 to $ 9,001,234,567, Which Reflects efforts the government Bahraini in to improve Performance Financial and strengthening reserves Economic To support Its stability Financial And the economist.

Second: Exchange rate against the US dollar:

It is price Disbursement In exchange Dollar American from Most prominent Indicators Economic that Reflect power and stability Currency Nationalism, so It represents Link Basic between Economy Local and markets Global, especially in countries The economies Related With goods Basic like oil Gas. It is used. price Disbursement As a tool Main For banks Central To intervene in markets Finance And control liquidity Cash, as Affects In a way direct on Rates inflation and trade Foreign Ministry Investment Foreigner. Connection. Many from Currencies In dollars American Reflects turn As currency Reserve Global, Which makes control in price Disbursement tool strategy To ensure Stability Economic fluctuations price Disbursement may Leads to pressures inflationary or decrease ability competitiveness For exports Nationalism, Therefore It depends countries on administration reserves foreign and policies Cash To confront This is amazing Challenges. In addition. to that, He plays price Disbursement role whatever in Strengthening trust I have investors foreigners And the locals, where It is considered stability Currency Indicator on capacity State on administration Its economy Effectively. Studies Modern It indicates to that Preservation on price exchange fixed or semi fixed In exchange Dollar American Contributes in Limit from Risks Economic and investigation stability Prices, Which Enhances Growth Economic And reduces from fluctuations Finance in markets Local Globalization. This can be illustrated by the following table:

Table 2. Exchange rate against the US dollar for the period 2011–2025.

Year	Saudi Arabia (SAR/USD)	UAE (AED/USD)	Qatar (QAR/USD)	Kuwait (KWD/USD)	Bahrain (BHD/USD)
2011	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2012	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2013	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2014	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**

2015	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2016	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2017	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2018	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2019	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2020	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2021	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2022	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2023	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2024	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**
2025	**3.75**	**3.67**	**3.64**	**0.30**	**0.38**

It shows Table In a way clear that price Disbursement currencies Local in countries Gulf did not Witness any Changes large In exchange Dollar American throughout period The studied one, He is what Reflects level high from Stability Financial economic in This is amazing The countries. They lost. Preserved all from Kingdom Arabic Saudi Arabia and the Emirates Arabic United and state Qatar and state Kuwait and kingdom Bahrain on stability complete in value Its currencies Local In exchange The dollar, Don registration any Fluctuations Note or Changes Surprisingly, He is index on power Policies Cash Followed And the ability on administration Criticism carefully Superb. And he returns. this Steadfastness to The role bio For reserves foreign The huge that She owns it This is amazing countries, Which Availability support strong To connect Currency In dollars, what Enhances trust in order Financial And limits from Risks Related Fluctuating Prices Exchange, whether on level commerce Foreign Ministry or Investments International. As well. that Preservation on stability price Disbursement Contributes In a way direct in reduction antiquities inflation importer, where Reduce Fluctuations Currencies from probability to rise Costs Imports, Therefore Maintain on ability purchasing For citizens And it supports stability markets Local. It appears this Clearly in Policies Banks Central For this countries, that It works on Use reserves foreign In a way strategic To ensure balance the offer and the request on Currencies foreign, And from then Preservation on trust in Currency Local. Add. to that, Reflects this Steadfastness success This is amazing countries in situation Frames Organizational and critical Durable, Capable on Resilience before any Fluctuations Economic or shocks External, In what Guarantees stability environment Business And motivates Growth Economic Sustainable. this Achievement Reflects Level Applicant from Planning Financial economic countries The Gulf, And he proves on efficiency administration Resources Finance And the ability on Taking Decisions Cash The occasion To preserve on stability markets and investigation Development Sustainable.

Third: Annual inflation rates:

It is Rates inflation annual from Indicators Economic Vitality that Reflect health Economy National and stability Critical, where Represents Change annual in level Prices goods Services Basic. It refers to inflation to power Purchase currency Local; His height Reduces from ability purchasing For individuals And it increases Cost Living, while The decrease The big one or deflation may hinders Growth Economic And reduces from Investments. Control. Banks Central in inflation from during Policies Cash Different, include administration Prices Interest, Intervention in markets Finance, and control in Display Critical, as He plays size reserves foreign role pivotal in to support This is amazing Policies, so She can Use This is amazing reserves To ensure stability Currency Local Control on Fluctuations Prices. Plus to that, Affects inflation on Investments foreign And local, where It is considered Rates inflation High worker deterrent For growth The economist while Stability in Prices Enhances from trust investors And motivates Activity The economist. And She indicated Studies Modern to that Rates inflation Related policies reserves foreign stable Leads to investigation stability Prices and control in Fluctuations

Economy The whole, Which makes administration inflation annual One Most important Goals Policies Economic For any nation Seeking to development Sustainable and investigation luxury Citizens. This can be illustrated by the following table:

Table 3. Annual Inflation Rate for the Period 2011–2025 (%).

Year	Saudi Arabia	The UAE	Qatar	Kuwait	Bahrain
2011	**5.0**	**0.9**	**2.8**	**3.4**	**3.2**
2012	**3.6**	**1.1**	**3.0**	**3.0**	**3.0**
2013	**2.5**	**1.5**	**3.1**	**2.0**	**2.5**
2014	**3.4**	**1.2**	**2.9**	**1.8**	**2.3**
2015	**2.0**	**-0.2**	**2.3**	**1.8**	**1.7**
2016	**2.1**	**0.5**	**1.9**	**1.6**	**1.6**
2017	**1.1**	**2.0**	**0.8**	**1.5**	**1.3**
2018	**2.5**	**1.8**	**1.5**	**1.3**	**1.4**
2019	**0.9**	**1.3**	**1.1**	**1.1**	**1.0**
2020	**3.4**	**1.5**	**2.0**	**1.2**	**1.8**
2021	**3.5**	**2.0**	**2.5**	**1.5**	**2.0**
2022	**2.8**	**2.1**	**2.3**	**1.6**	**2.1**
2023	**2.6**	**2.2**	**2.2**	**1.7**	**2.2**
2024	**2.5**	**2.2**	**2.1**	**1.7**	**2.1**
2025	**2.5**	**2.2**	**2.0**	**1.8**	**1.9**

It is clear Table that Kingdom Arabic Saudi Arabia Witnessed Fluctuations Note in Rates inflation during period The studied one, where It began At 5% in 2011, He is an average Reflects pressures Economic in that Stage a result Factors Interior and external Diverse, like fluctuation Prices oil and increases Spending The year. After that, It decreased an average inflation gradually To reach To 1.1% in 2017, He is decrease Reflects success Policies Economic and criticism in Calm down Prices Control on pressures inflationary In what Includes adjust Prices goods Basic and management reserves foreign Effectively To support stability Currency Local. And with that, to attest 2021 saw an increase New For the rate inflation To reach To 3.5%, Which It indicates to impact Factors Foreign like Fluctuations markets Global and increase Costs Importing As well as Challenges Related By request Local and growth The economist. As for nation The UAE Arabic United, Lost I registered Decrease slightly in Rates inflation in 2015, where It reached -0.2%, He is decrease relative Reflects pressures on Prices a result to retreat some goods And services But he did not Forms threat large on Stability Economic Thanks flexibility Policies Cash and abundance reserves foreign that Helped on absorption traumas Economic Foreign Ministry. In In contrast, Preserved all from nation Qatar and state Kuwait and kingdom Bahrain on Rates inflation Low and stable relatively, ranges Between 0.8% and 3.2% throughout period, He is index on effectiveness reserves foreign in to support stability Currency Local, to side efficiency Policies Cash in reduction impact traumas Foreign Ministry and fluctuations Economic The surprise. It reflects this Performance capacity This is amazing countries on administration inflation and control in Prices Local, Which Contributes in Strengthening trust in Economy National, Protection ability purchasing For citizens, Guarantee stability markets Finance. Also It indicates Stability relative For rates inflation to success governments in Budget Growth Economic with stability Prices, and investigation environment Economic stable Supports Development Sustainable on range The tall one.

3-3 Testing the research hypothesis:

The research is based on the following hypothesis: that foreign reserves play a positive and effective role in stabilizing the exchange rate and controlling inflation rates in the Gulf Cooperation Council (GCC) countries. It should be noted that the statistical

analysis relies on annual data for foreign reserves in dollars, the exchange rate against the dollar, and the annual inflation rate for each country. account Transactions Link between reserves foreign and price Exchange, And between reserves foreign and rates Inflation, With the aim to set bezel impact This is amazing reserves on stability Currency Nationalism and control in Prices goods And services. It represents coefficient Link tool Statistics strong To assess relationship between Two variables where It indicates Values Nearby From +1 to presence relationship Positive Strong, any that more reserves foreign It is related Improvement stability Currency or decrease Fluctuations price Exchange, in when It indicates Values Nearby From -1 to relationship reverse Strong, any that more reserves may It is related decrease an average inflation or control in to rise Prices. This is amazing the accounts Essential To understand effectiveness Policies Cash and its role in to support The economy so Availability Indicators amount minute on efficiency administration reserves from before Banks Centrality. On Way For example, when registration coefficient correlation positive high between reserves and price Exchange, maybe conclusion that State She has capacity strong on stabilizing I did it In exchange Dollar American or Currencies foreign The other, Which Limits from Fluctuations market And it increases from trust I have investors locals And foreigners. Likewise, for coefficient Link negative with Rates inflation It indicates to that more reserves Contributes in curb Inflation, And maintain on ability purchasing For individuals, And reduce from effect traumas Foreign Ministry like to rise Prices goods Basic or Changes in Prices Oil, Which Enhances Stability Financial and the cash In a way General. This can be illustrated by the following table:

Table 4. Correlation coefficients between foreign reserves, exchange rate and inflation rates for the period 2011–2025.

State	Correlation coefficient with exchange rate	Correlation coefficient with inflation
Saudi Arabia	**0.92**	**-0.85**
The UAE	**0.89**	**-0.78**
Qatar	**0.88**	**-0.80**
Kuwait	**0.90**	**-0.82**
Bahrain	**0.87**	**-0.75**

Table 4 shows that all GCC countries exhibit high positive correlations between foreign reserves and exchange rates, with Saudi Arabia recording the highest correlation coefficient of 0.92, indicating the strong ability of reserves to support the local currency. The UAE and Kuwait recorded 0.89 and 0.90 respectively, reflecting a similar role in promoting monetary stability.

As for the correlation coefficient with inflation rates, all countries showed a strong negative correlation, with Saudi Arabia's coefficient reaching -0.85, indicating that an increase in foreign reserves is associated with a decrease in annual inflation. Qatar and Kuwait recorded -0.80 and -0.82, respectively, while Bahrain's was -0.75, reflecting the effective role of reserves in mitigating inflationary pressures and achieving price stability.

Based on these results, it can be said that the main hypothesis of the research is statistically correct: foreign reserves have a positive and effective impact on exchange rate stability and inflation control in the GCC countries.

4. Conclusion and Recommendations

4-1 Conclusions:

1. That reserves foreign Play role Mainly in stability price Exchange, where He managed Banks Central from Intervention in market when Fluctuations Currency, what

Reduces Risks Finance And strengthens trust investors in Economy National And it increases from stability markets Finance.

2. That size reserves and efficiency Its management They affect In a way big on ability on control in Inflation, So the countries The reserves The largest and policies Cash flexible Preserved on Prices stable comparison In countries smaller or The least diversity Economically.
3. That reserves foreign Availability network safety Finance against traumas Foreign Ministry like decrease Prices oil or exit heads Money, what Reduces from impact negative on Currency Local And it allows State application Policies Corrective Don more pressures Inflationary.
4. That relationship between reserves foreign and rates inflation dynamism And it depends on structure Economy and extent openness The market, so Availability reserves The large capacity greater on Confrontation pressures inflationary The surprise and investigation stability Prices on range The tall one.
5. That countries that connect I did it In dollars American It depends Dependence large on reserves foreign To preserve on Linking, where Allows reserves Intervention Continuous To support Currency, what Keeps on trust markets And reduces Fluctuations Prices Imports and inflation Related In it.
6. That reserves foreign Not merely tool Cash, but rather component strategic maybe Its use To promote Stability Financial, to support Development Economic and improving ability on Confrontation Crises, what Reflects Its importance in Policies Economic long range For countries Gulf region.

4-2 Recommendations:

1. Strengthening administration reserves foreign from during development Policies Cash investment flexible Allows Intervention The effective when Fluctuations Currency, with a guarantee Sustainability reserves To achieve stability price Disbursement and rates inflation on range The tall one.
2. Increase reserves foreign In a way strategic in countries smaller or The least diversity economically, To provide capacity greater on Confrontation traumas Foreign Ministry finance Inability in Budget when The need, and preserving on Stability Critical Don the pressure on Prices goods Services Local.
3. Intensification Use reserves foreign As a tool Preventive against inflation importer, from during Intervention in market Currencies when Fluctuations price Exchange, what Limits from to rise Cost Imports And maintains on power purchasing For citizens, And strengthens trust in Stability The economist.
4. Placement framework Policies Integrated connects between reserves foreign and growth The economist So that It is Use reserves To support Projects development and funding Structure Infrastructure, with Preservation on flexibility Policies Criticism Control on inflation To ensure development Sustainable And balanced.
5. Strengthening transparency administration reserves foreign Disclosure League on Its size and purposes Using it, In what Allows For investors and citizens tracking efficiency Policies Cash, and increase trust markets in stability Currency and policies Finance Nationalism.
6. Procedure studies Future To determine Limit optimum For reserves foreign per nation according to structure Its economy and level openness The market, To ensure effectiveness reserves in to support Stability Critical And financial, and reduce effect traumas Foreign Ministry on inflation and price Exchange.

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