

TITLE PAGE

**THE EFFECT OF EXCHANGE RATE ON THE NIGERIAN BALANCE OF
PAYMENTS (1970-2010)**

BY

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CERTIFICATION

This is to certify that this project work has been approved for the award of B.Sc. in the Department of Economics.

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DEDICATION

This work is dedicated to the Almighty God who has given me the opportunity to complete this program, and also seen me through my studies in the University. Also to my Dearest Parents Mr. and Mrs. Ephraim Orji for their endless support in the time spent in my studies and my research work.

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ABSTRACT

This work sets out to examine the relationship between balance of payment and exchange rate. The work is divided into five chapters; chapter 1 gives a general introduction to the subject matter, chapter two gives the general review of literature in the subject matter, chapter 3 gives or states the methodology and specifies the model used for testing. Chapter four runs the required test and provides the result as well as the interpretation and chapter five concludes the findings and recommends policy for the government based on the findings in the test. The ordinary least square regression (ols) method is used to test for R-squared test (explanatory power of the variables), T-test for the reliability, F-test for the overall significance of the exponentials and D.W test which is the econometric criterion for testing for presence of auto regressive scheme. The result shows a negative relationship between balance of payment and trade openness, also there exists a positive relationship between exchange rate and foreign direct investment. Since trade openness has a negative impact on the balance of payment it is recommended that the government should not consider it a policy for economic development.

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