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Full Length Research Paper

Implications Of Exchange Rate Variability On Oil Exports Trade Performance In Nigeria

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The aim of the study is to evaluate the implication of exchange rate variability on oil export trade performance in Nigeria. In achieving the objectives of the study, the study made use of ordinary least square, correlation coefficients and graph. The study found among other things that there was bi-directional relationship between exchange rate fluctuation and oil export trade in Nigeria and there is no short-run relationship between fluctuation in exchange rate and oil export trade in Nigeria. It is also found that that exchange rate variability has significant and positive implications on oil export receipt (OER) and oil export price (OEP) in Nigeria. The policy implication of this study is that government should evolve more efficient policy strategies that would ensure that exchange rate variability will be stable to enable it impact on oil export trade performance in Nigeria because it will enhance their profile and thereby contribute the growth of the nation's economy. The study among other things recommended that trade liberalization policy of the country should be carefully pursued in a way that the country's level of trade openness should favour oil export trade performance, while diversification of the country's economy from that of oil dependence is necessary to checkmate the adverse effect of the county's trade balance on oil export performance.

Keywords: Exchange Rate, Oil Export Receipt, Oil Export Price, Variability, Efficient.

INTRODUCTION

Export earnings assume vital significance for developing countries like Nigeria in its bid to pursue and achieve economic growth and development. Oil export trade represents a significant channel through which developmental strides can be achieved if meticulously harnessed. This is because; a lot of revenue accrues to nations in the process of international trade (with particular reference to export activities) comes from oil export trade. The main export basket of Nigeria has been oil sector export while the non-oil export trade of Nigeria has consistently evolved over time ranging from non-oil products such as groundnuts, palm kernel, palm oil, cocoa, rubber, cotton, coffee, copper, bean seed and others in the 1960's to products of light manufacturing

industries like consumables in the 2000's. Other non-oil exports of significant value then were tin ore, columbite, hides, skin and cattle (Alalade, Adekunle and Joseph, 2014).

The importance of the export sector of an economy in enhancing economic growth and development has long been established within the ranks of policymakers and academic. This serves as the basic source of foreign exchange earnings for developing, emerging and even developed countries in the world (Kazeem and Ibrahim, 2015). The developed countries' exports composition include capital and final goods while the developing countries' main exports consist of mining-industry goods especially natural resources like oil. The argument of

export-led growth theory is that export is viewed as the engine of economic growth and development because of its employment generation capacity and profit creation which leads to rise in accumulation of international reserves allowing a country to balance their finances. Pilbeam (2006) opined that real exchange rate is the major determinant of sustainable flow of export trade earnings in any nation. Exchange rate is a macroeconomic variable that is highly susceptible to volatility and whose fluctuation affects the performance of the remaining macroeconomic variables within an economy (Hashim and Zarma, 1996). The variability, fluctuation and unsteadiness of the exchange rate movements speak volume about the attainment of a favorable balance of trade and balance of payment position of a country. More so, exchange rate variability make international trade and investment decisions more difficult because it increases the associated exchange rate risks.

Exchange rate is the number of units of a particular currency that may be exchanged for one unit of another currency. It is a very important price in every economy owing to its significance in the determination of relative prices of domestic and foreign goods and services. Exchange rate variability have been a topical and highly debated issue among academicians, policy makers, and concerned monetary authorities, on account of the vital role an optimal and sustainable exchange rate plays in the achievement of sustainable growth and development (Oaikhenan and Nwokoye, 2015). In Nigeria, Ahmad and Zarma (1997) argued that "the deregulation of the foreign exchange market in the face of serious supply constraints and government interference caused serious fluctuation in the exchange rate for the naira". In corroborating this position, Obadan (2006) observed that with the introduction of the market-based exchange rate system in 1986, the naira exchange rate has exhibited the features of continuous instability. In this connection, Olisadebe (1991) blamed the variability of the naira exchange rate on the continuous existence of parallel markets in the country. This means that the continuous increase in exchange rate variability is believed to have adverse effect on key sectors of the economy, the oil export sector inclusive (Ebong, 2004).

However, the flow of oil export in Nigeria is influenced and determined by hosts of such factors as exchange rate, inflation, real gross domestic product and most especially government policy at each point in time. Asher (2012) was of the view that exchange rate stands out as a fundamental macroeconomic variable that could be tilted to achieve policy ends and spur up increase non-oil exports. Exchange rate movements are thought to affect the domestic price level mainly through the prices of imports and exports: exchange rate depreciation makes imports dearer and export cheaper. By depreciating the exchange rate, there are increases in the prices of domestic goods through expensive imported inputs. On

the other, exports become cheaper and many international partners are attracted to patronize made-in-Nigeria goods (Wing, 1984). The confluence in the movements of the exchange rate, export volume and import prices, and the domestic price level certainly gives the impression that the external sector in the past few years has been an important factor in explaining Nigeria's policy strategy towards promoting exports of non-oil exports.

Contributing, WenShwo, YiHao and Stephen (2005) noted that variability of exchange rate lowers the foreign currency price of exports, and probably increases the quantity of exports and export revenue in domestic currency. Conditions may exist, however, where export revenue falls. Highly inelastic foreign import demand leads to falling export revenue. Ambiguity also arises if export production incorporates high import content, since the domestic cost or price of exports rises with depreciation. During periods of appreciation, exporters might price to market, lowering their domestic currency price to maintain export market share.

lyoboyi and Muftau (2014) noted that the exchange rate is an important endogenous factor that affects economic performance due to its impact on macro variables such as output, imports, export prices, interest rates and inflation. Depending on whether it is a fixed or flexible system, the exchange rate can be a useful factor in balance of payments adjustments, managing crises associated with pressure for currency revaluation, freeing of internal policy objectives, ability to adjust to external shocks, maintenance of foreign exchange reserves, driving of investments; handling of speculation and level of discipline in economic management (Bized, 2014).

The exchange rate statistics in Nigeria over the years, showed a fluctuating trend. The naira dollar and period official cross exchange rate rose for ₦0.64 in 1981 to ₦9.745 in 1991. It went up to ₦112.4864 in 2001 and by 2011 it stood at ₦156.7. As at 31st December 2013 the naira- dollar exchange rate had risen to ₦155.70 per one US dollar (CBN, 2010, DMO, 2013)

It is clear from the foregoing survey that the impact of exchange rate variability on oil export trade performance in Nigeria has not received adequate empirical attention in recent time. It is of interest to note that the prerequisite for success in the design and implementation of policies that are aimed at promoting oil exports trade performance lies in proper understanding of the factors affecting activities in the sector such as exchange rate variability. The aim of this work is to attempt a contribution towards filling this felt gap in the literature, given numerous policy pronouncements on the need to have stable exchange rate that will help the oil export trade performance in Nigeria.

The impact of and variability of exchange rates on export trade flows especially in developing countries have been described as one of the main sources of economic instability and uncertainty of returns from international

trade flows (Ajayi, 1991). These unexpected swings in currencies of major economic powers like the United States has been identified as enormous, volatile and frequently unrelated to underlying economic fundamentals (Philippe, Philippe and Keneth, 2006). Consequent upon the swing, monetary authorities in developing economies have maintained close trade ties with the developed nations for intervention. This averts severe currency misalignment and volatility which in turn produces imbalances responsible for economic distortions, protectionist trade pressures and inevitably sharp currency reversals (Adeoye and Atanda, 2010).

Similarly, the liberalization of capital flows, the increasing scale and variety of cross-border financial transactions have greatly increased the volume of exchange rate movements amongst countries with undeveloped capital markets. Volatile real exchange rates are associated with unpredictable movements in the relative prices in the economy. Hence, exchange rate stability is one of the main factors influencing foreign (direct and portfolio) investment, price stability and stable economic growth.

Nigeria has suffered depletion of oil trade proceeds as a result of the risks of unexpected or unstable exchange rate movements. Major changes in the world economy has increased the extent to which international trade volumes (especially oil export) is adversely affected by fluctuations in the ration of naira to her major trading currencies such as the dollar. It is in realization of the consequences of the unexpected Naira- US dollar exchange rate movements on oil trade revenue and the national economy that this paper is motivated. This study shall deal with the impact of naira- dollar exchange rate variability (ERV) on Nigeria's oil exports trade performance.

Available records from Central Bank of Nigeria (CBN), however, show that the naira exchange rate of the period under review was not quite stable. Studies carried out by Olomola and Adejumo (2010), Babatunde and Akinwade (2013), Mary and Fagite (2014), Akinlo and Adejumo (2014), Lawrence and Mohammed (2015), Amir, Roozbeh and Tahere (2015), and Kazeem and Ibrahim (2015), which were aimed at establishing a cause-effect relationship between exchange rate and oil export performance did not offer satisfactory explanation on the implications of the critical components of exchange rate on oil export trade. This study attempts to fill this gap by delving into the implications of exchange rate variability on oil export trade performance in Nigeria. The broad objective of this study is to determine the implications of the Naira - dollar exchange rate variability on oil exports trade performance in Nigeria.

Review of Related Literature

Concept of Exchange Rate

Exchange rate is a price of a country's currency in terms

of another country's currency (Ahuja, 2013). Moffatt (2005) views exchange rate as the current market price for which one country's currency is worth in terms of another country's currency. The exchange rate indicates the price of one country's currency in relation to another country's currency. With the US dollar as the intervention currency in the market (CBN, 2010) the naira- dollar exchange rate shows the rate at which one unit of the dollar exchanges for a given units of the naira. Bergen (2014) opined that the performance of a country's exchange rate is influenced by six principal factors, namely: differential in inflation, differentials in interest rates, current account deficits, public debt, terms of trade, political stability and economic performance.

According to Ahuja (2013), a country may operate the floating or fixed exchange rate system. The floating or flexible exchange rate system allows a currency to adjust freely as determined by the government through the Central Bank which buys and sells the required quantities of foreign exchange in order to eliminate excess demand and supply. Musgrave and Musgrave (2014) have shown that the exchange rate system operated by a country can affect the stability of the country's economy. Depending on the elasticity involved, the value of the naira relative to foreign currencies affects the balance- of – payments, the level of domestic inflation, savings, investments, and ultimately, the economy.

Nigeria operated the fixed exchange rate system prior to 1986. During this period, government used series of exchange control regulations, such as the Defence (Finance) Regulation of 1939, Exchange control ordinance of 1950, Exchange Control Act of 1962, Exchange Control (Anti-Sabotage) Decree of 1977, which was revised in 1984, to manage the exchange rate of the naira. With the introduction of the structural Adjustment programme (SAP) in 1986, Nigeria switched over to the flexible or floating exchange rate system. According to CBN (2014), the main objectives of exchange rate policy in Nigeria include to preserve the value of the domestic currency, maintain a favourable external reserves position and ensure external balance without compromising the need for internal balance, and the overall goal of macro- economic stability.

Concept of Oil Export Trade

Export can be defined as surplus goods and services of a country that are sent to other countries in the world for sale. Oil export can be referred to as the total oil sent usually in barrels both crude oil and other oil products to other countries in the world.

In Nigeria, oil exports types include petroleum and petroleum products as below:

- i. Bonny light oil.
- ii. Farcodos crude oil
- iii. Quaibo crude oil
- iv. Brass river crude oil.

Ulan (2012) examined the determinants of real oil export earnings of seven industrial oil producing countries of Canada, France, Germany, Italy, Japan, United States and United Kingdom. The results of their study indicated that over the floating rate period, exchange rate did not discourage oil exports from the seven countries studied. This findings held that exchange rate variability had lagged or immediate impact on oil exports. Also, Akpokodje (2009) studied the exports and imports effects of exchange rate variability of Non-communante financiere Africaine (CFA) African countries (which included Nigeria) covering 1986-2006. The study revealed that EVR had a negative effect on exports and imports even in Nigeria.

Theoretical Framework

There exist several theories that seek to explain the relationship between oil export flows and exchange rate fluctuations of countries. The theoretical framework chosen for this study shall however, be based on the BTU Nominal Value or Real (Effective) Exchange Rate (REER) model and monetary model of exchange rate determination, which are considered to be more relevant to the variables and focus of the study. This effective exchange rate approach is considered more relevant to the variables of oil exports and exchange rate variables. This BTU Effective Exchange Rate model is of the following form (Hondroyannis, 2008).

Empirical Review

Some studies have affirmed both positive and negative implications of swings in Exchange Rate on oil export trade flows. Babatunde and Akinwade (2013) examined the consistency, persistency and severity (degree) of Volatility in exchange rate of Nigerian currency (Naira) vis-a-vis United State dollar using monthly time series data 1996-2012. The ARCH and GARCH models were used to examine the degree of Volatility. The result indicated the presence of overshooting volatility shocks. The econometric analysis further revealed that the nominal and real exchange rates of naira vis-a-vis the US dollar were not the traditional long run PPP model; indicating the ineffectiveness of monetary policy in stabilizing exchange rate fluctuations.

Similarly, Hondroyannis (2008) studied the relationship between exchange rate volatility and aggregate oil export volume of 12 industrial countries. Using three measure of exchange rate volatility applying BTU specifications, the researchers found no evidence of impact of exchange rate movements on export volumes under any of the four constant coefficient panel data methods employed. The negative impact according to the researchers is attributed to specification biases.

Yinusa (2008) investigated the relationship between exchange rate changes and dollarization in Nigeria. He employed Granger casualty test for the period 1986-2003, using quarterly data. The study found a bi-casualty between the variables. The casualty from dollarization was seen to be stronger and dominant.

Olomola and Adejumo (2010) examined the effect of oil prices and exchange rate, shock or output, inflation, the real exchange rate and the money supply in Nigeria using quarterly data from 1970-2003. Their findings were contrary to some other empirical studies in other countries; oil price shock does not affect output, export volumes and inflation in Nigeria. However, they found that oil prices shocks significantly influences real exchange rates.

Mary and Fagite (2014) examined the relationship between exchange rate volatility and sectoral export in Nigeria using oil and non-oil sectors as a focus. The study employed the econometric method of GARCH, SUR and ARCH models. The GARCH and ARCH model result indicates that exchange rate is volatile for the period reviewed while result of the seemingly unrelated regression (SUR) model shows that exchange rate has negative and insignificant effect on the oil and non-oil sectors of the country. The study recommended that the country should adopt inward looking policy in order to enhance her capability to export and reduce the vulnerability of the country to the external shock so as to improve country's export.

Akinlo and Adejumo (2014) investigated the relationship between exchange rate volatility and non-oil export in Nigeria using Error Correction Model (ECM). The result shows that there is existence of statistically significant relationship between real exports and exchange rate volatility. The ECM results show that lagged foreign income has significant positive effect on non-oil exports in the long run while there is statistically insignificant impact of non-oil export on exchange rate volatility in the short run. This means that exchange rate volatility is only effective in the long run but not in the short run in the case of Nigeria.

Oyovwi and Ukavwe (2013) studied the effect of exchange rate volatility on trade variation in Nigeria. The study used Error Correction Model as methodology. The result revealed that exchange rate volatility is insignificant in explaining variations in imports but significant and positive with respect to export. The study recommends that there should be exchange rate and trade policies that will promote greater exchange rate stability and trade conditions that will promote domestic production in the economy.

Lawrence and Mohammed (2015) examined the impact of exchange rate on non-oil export in Nigeria from 1986 to 2013 using ordinary least square statistical techniques. The results show that effective exchange rate, money supply, credit to the private sector and economic performance have a significant impact on the growth of

non-oil export in the Nigerian economy and appreciation of exchange rate has negative effect on non-oil export which is consistent with the economic theory. Following this, the study recommended among others that monetary authority should ensure exchange rate stability in order to stem inflationary tendencies in Nigeria which have adverse effect on the growth of non-oil export.

Amna, Wu, Khuram and Liu (2015) investigated the fluctuation of dollar and its relationship with international trade. By applying co-integration test, it is estimated that there exist a long run relationship between the variables. The study also indicate that exchange rate does not Granger cause balance of payment and balance of payment does not granger cause exchange rate. In conclusion, they found that the balance of trade, economic growth factors and oil price brings changes in exchange rate and that the unilateral or bilateral effect of balance of payment and exchange rate.

Amir, Roozbeh and Tahere (2015) examined the comparison between effect of foreign exchange rate and its volatility on industrial export using GARCH model as method. The result shows that the increases in real exchange rate volatility reduce volume of industrial export. Instead effect of real exchange rate on export of this section statistically is insignificant. Managing real exchange rate, especially through control of inflation besides other supporting policy is from the political recommendations.

Oaikhenan and Nwokoye (2015) investigated the relationship between exchange rate variability and non-oil exports in Nigeria using ordinary least square method for the analysis. The study finds that exchange rate instability has a significant negative effect on non-oil exports in Nigeria. Exchange rate depreciation affects it positively but in an insignificant way. The results suggest that efforts at boosting the country's non-oil exports may be more successful if efforts are made at arresting the problem of instability in exchange rate rather than promoting its depreciation.

Kazeem and Ibrahim (2015) used ARDL econometric approach to examine the impact of exchange rate volatility on non-oil export performance in Nigeria covering the period 1980 to 2013. The study found from the theoretical point of view that, Nigeria as an exporter is highly risk-averse. This follows from the evidence of long run positive relationship that exist between the Nigerian non-oil export and exchange rate volatility as evidently reported in the long run estimate of the study.

METHODOLOGY

This study is an *ex-post facto design* and the study applied simple regression statistical analysis to access the implications of exchange rate fluctuations on oil export receipt. The following equation for regressions was adopted:

Regression Equation (y) =a+bx shape (b)
 $(\sum Exy - (Ex)(Ey)) / (\sum Ex^2 - (Ex)^2)$

Intercept (a) = (Ey-b(Ex))/N where x and y are the variables, b = the slope of the regression line a = the intercept point of the regression line and the y axis. N = Number of values or elements.

The objectives of the study can be represented thus:

OER = f(EXR)

OEP = f(EXR)

$EXR_t = \beta_0 + \beta_1 OER_t + \beta_2 OEP_t + \mu_t$ --2

Where EXR = naira exchange rate to the dollar

OER = oil Export value or Receipts and

OEP = oil Export price/Barrel.

DISCUSSION OF EMPIRICAL RESULT

Correlation Result

	EXR	EPDS	EPDR
EXR	1.000000	0.612823	0.528777
EPDS	0.612823	1.000000	0.545660
EPDR	0.528777	0.545660	1.000000

Sources: E-view 7.0 2015

From the result of the correlation test above, there is presence of co-integration since the trace statistic indicates two co-integrating equations. Also, their eigenvalues are significantly greater than zero. In other words, the null hypothesis of no co-integration among the variables is rejected in at least two equations in objective one and thus conclude that there is a long-run relationship between oil export receipts, oil export price and exchange rate fluctuation at 5% level of significance.

Furthermore, in line with the long-run relationship test that exist in objective one and two, the Pairwise granger-causality test was also applied in this study. This is to determine the causality relationship between the dependent and independent variables. The test is based on the objective for testing the causality between exchange rate fluctuation and oil export trade in Nigeria. Therefore, since the objective is to investigate whether observation of a variable like fluctuation in exchange rate (EXR) is potential useful in anticipating oil export receipts and price, and to test the causality between exchange rate variability and oil export trade, it was revealed that the two null hypotheses can be rejected because the F-statistic values are greater than the probability values. This means that there was bi-directional relationship between exchange rate fluctuations and oil export trade within the period under review (F-Statistic= 12.9143 > P= 0.0005). The result implies that exchange rate variability granger caused oil export trade and oil export trade also granger caused fluctuation exchange rate.

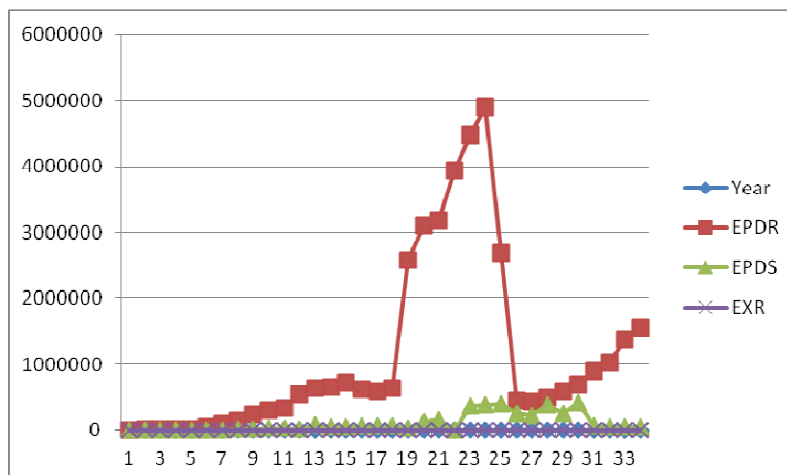


Figure 1

Table for Ordinary Least Square Result

Dependent Variable: EXR
 Method: Least Squares
 Sample: 1981 2014
 Included observations: 33

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	43.26190	11.44367	3.780421	0.0007
EPDS	0.000290	6.57E-05	4.418154	0.0001
R-squared	0.686383	Mean dependent var		75.25979
Adjusted R-squared	0.666589	S.D. dependent var		63.95358
S.E. of regression	50.89883	Akaike info criterion		10.75625
Sum squared resid	80311.42	Schwarz criterion		10.84695
Log likelihood	-175.4781	Hannan-Quinn criter.		10.78677
F-statistic	19.52008	Durbin-Watson stat		1.354120
Prob(F-statistic)	0.000113			

Dependent Variable: EXR
 Method: Least Squares
 Sample: 1981 2014
 Included observations: 33

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	50.59965	12.37083	4.090238	0.0003
EPDR	2.47E-05	6.98E-06	3.544312	0.0013
R-squared	0.788373	Mean dependent var		78.92788
Adjusted R-squared	0.765417	S.D. dependent var		63.28662
S.E. of regression	54.24157	Akaike info criterion		10.88346
Sum squared resid	91206.58	Schwarz criterion		10.97416
Log likelihood	-177.5772	Hannan-Quinn criter.		10.91398
F-statistic	12.56215	Durbin-Watson stat		1.149671
Prob(F-statistic)	0.000000			

Figure 1 above shows that when exchange rate was increasing, the oil revenue was either constant nor fluctuating. This means that the fluctuation in exchange rate was not enough to increase the level of oil price. This maybe as a result of fluctuation in economic policies which sometimes leads to the instability in Nigeria Economy.

Ordinary Least Square Result

We also applied ordinary least square (OLS) as above to test for the short run relationship between fluctuation in exchange rate and oil export trade in Nigeria. The absence of unit root and the existence of co-integration among the variables and it presents an evidence of long-run economic relationship among the variables. This implies that, Ordinary Least Square model is the best option for further analysis. The sign and size of coefficient from the OLS result are quite revealing. That is to say that the coefficient estimates of the constant and explanatory variable have alternated their signs as against the long-run relationship found in the normalized co-integrating equation in appendix 2. This shows exactly what is needed to be done in order to absolve the short-run dynamics of relationships. Again, the significance of OLS holds that a positive and statistically significant error correction model coefficient is a necessary condition for the variables to be co-integrated. The positive sign of the coefficient satisfies one condition while the fact that 43.26190 and 50.59965 is different from zero satisfies the second condition of statistical significance. The coefficient reveals that the speed of adjustment between the short-run and long-run realities of the co-integrating equations is 43.26% and 50.60% respectively every year. Also, the computed R^2 value of 0.686383 and 0.788373 respectively which is the coefficient of multiple determinations, indicates that our model satisfies the requirements for goodness of fit. The value shows that 68.64% and 78.84% respectively of the total variations in the exchange rate variability (EXR) are adequately explained by changes in oil export receipt (OER) and oil export price (OEP).

Furthermore, the joint influence of the explanatory variables on the dependent variable is statistically significant. This is also confirmed by the F-probability which is statistically zero. Equally, the Durbin Watson is 1.354120 and 1.149671 approximately. Using 5% level of significance, 2 explanatory variables and 34 observations, the tabulated Durbin Watson statistics for lower and upper limit are 2.261 and 2.722 respectively.

Since the calculated Durbin Watson statistics is less than the upper limit or the tabulated one, there is evidence of the presence of the first order serial correlation or autocorrelation in the model. Finally, the results in appendix 3 shows that exchange rate variability

has significant and positive implications on oil export receipt (OER) and oil export price (OEP) in Nigeria. Our findings did not agree with any of the empirical work reviewed. This may be attributed to the geographical areas covered, aim of the study and the variables used in their study.

CONCLUSION

The study investigates the implications of exchange rate variability on oil export trade performance in Nigeria. Similarly, for a greater percentage of the period under study, the higher the Exchange rate, the lower the oil export prices. In the first two years of the period studied, the relationship between the variables showed a positive relationship. The main conclusion from the theoretical point of view suggests that, Nigeria as an exporter is highly averse to risk. This conclusion follows from the evidence of long run positive relationship that exist between the Nigerian oil export trade and exchange rate volatility as evidently reported in the long run estimate of the study. The study, therefore, concludes that Naira Exchange Rate (EXR) affects the Oil Export Price and Oil Export Price shocks negatively in other countries, while the same EXR showed positive and significant relationship between the price of oil exports and receipts in Nigeria. Thus, concern authorities such as Central Bank of Nigeria (CBN) should, therefore not perceive exchange rate volatility as detrimental to export trade progress, rather as a catalyst of export trade. The implication of this study is that Nigerian Monetary Authorities should evolve strategies to stabilise the exchange rate of the dollar to the Naira. Nigeria's economy dependant on the sale of crude should ensure that oil price shocks do not persist as it affects the oil export receipts.

RECOMMENDATION

Based on the findings of this study, we recommend that for more increased oil export trade flows, Nigerian federal government should ensure the following:

1. That trade relationship between the country and the rest of the world should be maintained and sustained effectively.
2. That trade liberalization policy of the country should be carefully pursued in a way that the country's level of trade openness should favour oil export trade performance, while diversification of the country's economy from that of oil dependence is necessary to checkmate the adverse effect of the county's trade balance on oil export performance.
3. Having seen that developments in exchange rates significantly impact on oil exports, government should

encourage stability in macroeconomic variables (exchange rate inclusive) and employ such growth oriented and stabilization policies especially at macro level which will promote oil exports.

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