

**IMPACT OF CURRENCY PERFORMANCE ON THE INTERNATIONAL
BUSINESS OF DEVELOPING COUNTRIES: EVIDENCE FROM NIGERIA AND
GHANA (1990-2019)**

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SEPTEMBER, 2021

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GHANA (1990-2019)**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN FINANCE IN THE
DEPARTMENT OF BANKING AND FINANCE, COLLEGE OF MANAGEMENT
AND SOCIAL SCIENCE, COVENANT UNIVERSITY, OTA, NIGERIA**

SEPTEMBER, 2021

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfillment of the requirements for the award of the degree of Master of Finance in the Department of Banking and Finance, College of Management and Social Science, Covenant University, Ota, Nigeria.

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DECLARATION

I, **AROTIBA, ABIMBOLA FLORENCE (19PAG01902)** declare that this research was carried out by me under the supervision of Dr. Alexander E. Omarkhanlen of the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria. I attest that the dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this dissertation are duly acknowledged.

AROTIBA, ABIMBOLA FLORENCE

Signature and Date

CERTIFICATION

We certify that this dissertation titled “**IMPACT OF CURRENCY PERFORMANCE ON THE INTERNATIONAL BUSINESS OF DEVELOPING COUNTRIES: EVIDENCE FROM NIGERIA AND GHANA (1990-2019)**” is an original research work carried out by **AROTIBA, ABIMBOLA FLORENCE (19PAG01902)** in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University Ota, Ogun State, Nigeria under the supervision of Dr. Alexander Ehimare Omarkhanlen. We have examined and found this work acceptable as part of the requirements for the award of Master of Science in Finance.

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DEDICATION

This dissertation is dedicated to God Almighty, who is good, kind and ever faithful, who gave me the strength, wisdom and resources to complete this project; to my loving husband who supported me in every way and my family for their support and love.

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LIST OF ABBREVIATIONS

BOP	Balance of Payment
FDI	Foreign Direct Investment
PR	Public Relations
SMEs	Small and Medium-sized Enterprises.
EPP	Export Parity Price
PPP	Purchasing Power Parity
GDP	Gross Domestic Product
RER	Real Exchange Rate

ABSTRACT

Normally, trade between two or more regions necessitate the conversion of one legal tender to that of another. Exchange rate determines prices of both domestic goods as well as foreign goods and Nigeria as well as Ghana being import dependent countries are faced with a inflation, increase in interest rate, decline in the standard of living, increase in cost of production, increase in external debt etc. As a result, this study analyzes the influence currency performance has on the international business of both Nigeria and Ghana. In the context of this study, currency performance would imply currency depreciation. The research adopted the Ordinary Least Square Method for analysis after the unit root tests of variables for both countries showed it was integrated at order I(1). The theory, which the study adopts, is the Standard Theory of International trade. The results showed that currency performance positively and significantly affects foreign direct investment in Nigeria as well as Ghana. Also, currency performance positively and significantly affects import and exports both in Nigeria and Ghana. For the impact on balance of payment, the findings revealed currency performance positively affects balance of payments in Nigeria. However, this is found to be insignificant. For Ghana, the result shows that currency performance has a negative relationship with the balance of payments. From the findings, It is important that the components of the balance of payment be studied closely in order to identify trends that a country can find harmful or beneficial to its economy. Using just Import and Export to measure International trade will not help the nation make rational decisions regarding economic dealings with other countries. The study also recommends, that the capital market should be internationalized such that foreign institutional investors can invest in Nigerian-based as well as Ghanaian-based instruments.

Keywords: *Currency performance, Exchange Rate, International Trade, Imports, Exports.*