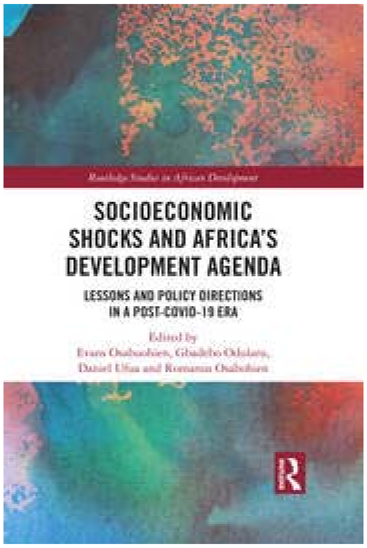

Chapter

Exchange Rate Variability and Palm Oil Export in West Africa

Evidence from Nigeria

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ABSTRACT

This study investigates the relationship between exchange rate variability and palm oil export in Nigeria. It conducts unit root test using augmented Dickey–Fuller (ADF) test statistics on the times series data to confirm the order of stationary of the variables. Johansen Cointegration is used to check the presence of long-run relationship and Error Correction Model (ECM) to check shock effect. The findings suggests that exchange rate (ER) and palm oil export (POE) are strongly linked together in the long run implying that an increase in ER forces decrease in POE while ECM reveals that about 13% disequilibrium from the previous year's shock converge to the long-run equilibrium in the current year. The study concludes exchange rate can be stabilised to favour producer's price by giving export subsidies to palm oil producers thereby contributing to improvement in their welfare.

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