

**The Impact of Exchange Rate Movements on Sri Lankan Apparel Industry
Export Performance**

D.P.U.S. Lankadhikari
Department of Finance, University of Kelaniya, Sri Lanka
udayasampathkln@gmail.com

ABSTRACT

Introduction - The purpose of this paper is to examine the Impact of exchange rate movements on Sri Lankan apparel industry export performance.

Design/Methodology/Approach - The research used quarterly data from the first quarter of 2008 to the fourth quarter of 2018(Total 44 quarters) for gross domestic products, exchange rate between USD and LKR, inflation rate, and import volume index. E-views econometric model was used to analyze data through regression analysis.

Findings - According to the empirical findings, external demand of textiles and garments in the international market was only determined by Import good and service in Sri Lanka, appreciation/depreciation in exchange rate, Inflation and GDP came in to conclusion that there is no significant impact to the apparel export in Sri Lanka.

Conclusion - The analysis of exchange rates and foreign policy is an important measure of macroeconomic management in pursuing economic development by improving the country's export performance.

Keywords: *Exchange Rate Volatility, Inflation, Export Performance, Gross Domestic Product, Sri Lankan Apparel Sector*