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Impact of Exchange Rate Volatility on Sri Lankan Exports: Evidence from Before and During COVID-19

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ABSTRACT

Purpose: The main objective of the study was to examine the impact of exchange rate volatility on Sri Lankan exports before and during COVID 19.

Design/Methodology/Approach: In this study, the researcher used a quantitative approach. The secondary data were collected from 2010 to 2021 monthly. ARDL approach was used to Analyse the data. Exchange volatility is considered as the independent variable while Exports are used as the dependent variable of the study. Further, COVID 19 was used as the dummy variable.

Findings: Based on the ARDL model it shows a negative and positive relationship between Sri Lankan Export and Real effective exchange rate in short and long run periods respectively. Results show evidence of volatility of REERV clustering on import trading activities in Sri Lanka.

Originality: No prior study has been conducted to examine the impact of exchange rate volatility on Sri Lankan exports before and during COVID 19.

Keywords: *Real Exports, Exchange Rate Volatility, Real Effective Exchange Rate, COVID - 19*