

The Impact of Exchange Rate Fluctuations on Nigeria's Export Performance

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Abstract

This paper analyzes the impact of exchange rate fluctuations on Nigeria's export performance between 2012 and 2024. Annual time series data on exchange rates were obtained from the Central Bank of Nigeria (CBN), while data on exports were sourced from the National Bureau of Statistics. To test both short-run and long-run relationships between the variables, the study employed the Vector Error Correction Model (VECM). Evidence from the analysis shows that exchange rate fluctuations have mixed effects on exports in the short run and are statistically insignificant. However, in the long run, there is a negative and statistically significant relationship between the two variables (0.0020 & $0.039 < 0.05$) p values of error correction term and cointegrating equation coefficient both being less than 0.05. The model showed an R^2 of 0.269, with post-estimation diagnostics indicating no presence of heteroskedasticity or serial autocorrelation. The study concludes that persistent fluctuations in the exchange rate can have severe implications for the Nigerian economy, given the significantly negative impact on exports in the long run. In light of these findings, the research recommends that the Nigerian government intensify efforts aimed at diversifying the economy to boost non-oil exports and adopt long-term policies to stabilize the exchange rate. These interventions are critical for achieving exchange rate stability and growth in the country's export sector.

Keywords: Balance of Payments (BOP), Central Bank of Nigeria (CBN), Exchange Rate Fluctuations, Export Performance, Non-oil Exports, Vector Error Correction Model.

Introduction

From the most advanced to the least developed economies across the world, exports have been identified as a key factor that significantly contributes to economic growth and development. As an economic catalyst, exports are a source of foreign exchange earnings, allowing countries to accumulate wealth and strengthen foreign reserves, which in turn stimulate business activities and help stabilize a nation's currency and economy. Long before the discovery of oil, Nigeria actively participated in international trade, earning foreign exchange through the export of agricultural and mineral products. Since oil was first discovered in Oloibiri in 1956 and its first export in 1958, oil exports have significantly shaped the Nigerian economy. Oil currently accounts for a greater share of the country's foreign exchange earnings and budgetary revenue, underscoring the key role played by exports.

Azam (2019) argues that the transition from a trade-restricted economy to a liberalized one results from the positive relationship between economic growth and exports, highlighting the fundamental role exports play in sustaining an economy. Over the years, changes in government policies and macroeconomic factors have significantly impacted Nigeria's exports, creating uncertainty for exporters and affecting the volume of trade inflows and outflows. Among the factors affecting Nigeria's exports, such as trade restrictions and global price shocks, fluctuating exchange rates stand out as a major determinant that directly influences export volumes and earnings.

When a country's exchange rate appreciates relative to that of another country, product prices increase, making imports cheaper, which can reduce the country's exports and increase imports (Lioudis, 2024). Given Nigeria's active participation in the global market, the volatile nature of the naira relative to other currencies, such as the U.S. dollar, has repeatedly hindered the government and private businesses from making accurate financial projections and long-term plans. Segal (2024) maintains that imports become more expensive when a currency is weak, making goods cheaper for overseas customers to buy, while export competitiveness may decline when the domestic currency is strong, as imports become cheaper.

Although a weaker currency can incentivize exporters to increase export quantity, it also raises the cost of imported goods, which can adversely affect local producers who rely heavily on imported inputs, thereby escalating production expenses. Over the past decades, successive Nigerian administrations have adopted varying exchange rate regimes in pursuit of economic stability and the promotion of export competitiveness. Asteriou et al. (2016) note that interventions by the Central Bank in the foreign exchange market help boost trade, especially in countries where fluctuations in the exchange rate adversely affect trade flows. Such interventions allow economies to achieve a more stable exchange rate.

Statement of the Problem

Despite government interventions and policies tailored towards boosting exports and strengthening the naira, these efforts have fallen short of expectations, as evidenced by the currency's sharp crash to an all-time low of approximately ₦1,900 per \$1 in 2024. The government's occasional injection of dollars into the economy to support the ailing naira has led to short-term gains, reflected in periodic appreciations of the currency in the market. However, these interventions have not been sufficient to guarantee lasting stability, as underlying structural issues persist. Ikechi and Anthony (2020) argue that real exchange rate fluctuations, particularly those affecting imports and exports in Nigeria, can have grave implications for growth, as foreign exchange earnings could dwindle due to a decline in export growth.

It is therefore imperative to provide lasting solutions to address exchange rate fluctuations, as persistent volatility can hamper long-term economic planning and destabilize the economy. Exchange rate stability can go a long way in enhancing investor confidence and

achieving sustained export growth, which ultimately fosters economic development. While previous studies have examined the relationship between exchange rate fluctuations and Nigeria's exports, most of them focused on periods when the naira was relatively stable, which may not capture the true extent of the impact. This study seeks to bridge this gap by utilizing recent data from 2012 to 2024, a decade marked by unprecedented exchange rate fluctuations. By doing so, it will provide clearer insights into how fluctuations in the exchange rate influence export performance.

Research Questions

1. What impact do exchange rate fluctuations have on Nigeria's exports in the short-run?
2. What impact do exchange rate fluctuations have on Nigeria's exports in the long-run?

Research Objectives

1. To examine the impact of exchange rate fluctuations on Nigeria's exports in the short-run
2. To analyze the long-run relationship between exchange rate fluctuations and Nigeria's exports

Research Hypotheses

1. Exchange rate fluctuations have no statistically significant relationship with Nigeria's export performance in the short-run.
2. Exchange rate fluctuations have no statistically significant relationship with Nigeria's export performance in the long-run.

Literature Review

Concept of Export Performance

The progress of an economy, sector, or business in global trade is closely tied to its export performance and activities in international trade. Exports have long been recognized as essential to economic prosperity, dating as far back as the mercantilist era, when nations prioritized them as a primary means of accumulating wealth and strengthening their economies. Export performance is an important metric for assessing a nation's economic health and its ability to compete internationally, especially in an era characterized by trade liberalization. The ability to export more is viewed as a key catalyst for sustained economic growth (Zapata et al., 2024).

The role of exports in any economy cannot be overstated, as they have far-reaching impacts. Duru and Ezenwe (2020) identify exports as one of the essential elements for economic transformation, capable of driving sustainable economic growth in developing countries. Owamah and Chukunalu (2025) note that exports significantly contribute to growth by generating government revenue and supplying foreign exchange, which can be

used to enhance infrastructure and improve the country's attractiveness to investors. Nigeria's export sector performance significantly shapes the economy due to the country's active participation in international markets. However, over the years, the country's global trade performance has been constrained by several factors, prompting the government to adopt various policies at different times to boost exports. According to Egor et al. (2023), these factors include the cost of doing business, import tariffs, inflation, infrastructure challenges, and exchange rate fluctuations. Despite successive policy interventions aimed at fostering export diversification, Nigeria's non-oil export performance has persistently remained below optimal levels (Gold & Yusuf, 2025).

Concept of Exchange Rate

Mordi (2006) defines the exchange rate as the price of one currency expressed in terms of another. As one of the key macroeconomic variables affecting international trade, the exchange rate determines how many units of a good or service a foreign currency can obtain. According to Mishkin (2016), two main types of exchange rate regimes exist: fixed and floating. Under a fixed regime, the value of a country's currency is pegged to another major currency. While this system provides stability, it requires government intervention to maintain the peg and often compels governments to draw on reserves. In contrast, under a floating regime, the value of a currency is determined by market forces of demand and supply, without direct government interference.

Exchange rate policy, administered by the central bank, functions as one of the primary instruments through which policymakers manage the macro economy and influence trade flows (Thadathil & Thottoli, 2025). Serving as a tool for policymakers, the exchange rate facilitates credit access and finances exports in vital sectors such as agriculture and manufacturing (Femi-Olagundoye, 2024). Governments and central banks influence exchange rates through monetary policies, including interest rate adjustments and foreign exchange interventions, depending on their economic objectives. Understanding exchange rate movements is therefore crucial, given their significant impact on domestic and international business activities, trade balances, capital flows, and overall economic stability.

Exchange Rate Fluctuations and Export Performance in Nigeria

Exchange rate fluctuations refer to variations in a currency's value over time, influenced by a range of macroeconomic factors and policy measures (Mamman et al., 2025). These fluctuations remain a major macroeconomic challenge, with substantial effects on national economies, especially those highly exposed to global markets and commodity trade. In Nigeria, they create uncertainty for exporters, affecting international trade and economic stability in multiple ways. Exchange rate volatility can significantly influence export costs, alter price competitiveness in global markets, and impact the profitability of firms operating in the export sector (David et al., 2024).

This underscores the necessity of stabilizing the exchange rate, as frequent fluctuations undermine export sector performance and diminish investor confidence. To enhance export performance, Nigeria requires policies that minimize exchange rate variations and promote a competitive trade environment. Measures such as diversifying export products, improving foreign exchange management, and strengthening industrial capacity can help reduce the negative effects of this volatility.

Theoretical Review

Balance of Payments Theory

According to the Balance of Payments (BOP) theory of exchange rate determination, a country's currency value is primarily shaped by demand and supply forces arising from international trade transactions. When a country's balance of payments account is in deficit, meaning that payments exceed receipts, its currency comes under downward pressure, ultimately leading to depreciation. Conversely, a balance of payments surplus causes the local currency to appreciate, since receipts exceed payments. In essence, when foreign demand for a country's local currency is high as a result of increased international trade activities, particularly exports, the currency tends to appreciate. However, in import-dependent economies where demand for foreign currencies outweighs that of the local currency in global markets, depreciation is more likely.

For the Nigerian economy, the BOP theory provides a framework for understanding both short- and long-run dynamics. In the short run, a BOP deficit leads to depreciation of the naira, making exports cheaper and more competitive, thereby correcting the deficit. In the long run, this results in a BOP surplus with higher foreign exchange inflows, ultimately strengthening the naira. A stronger naira, however, can reduce export competitiveness, as Nigerian products become more expensive for international buyers, thereby lowering foreign demand for local commodities. Thus, the BOP theory not only contextualizes Nigeria's exchange rate fluctuations but also informs the expected empirical relationships.

Empirical Studies

Several studies have examined the relationship between exchange rate fluctuations and exports, particularly in developing economies. However, the results from these studies tend to be different due to the methodologies employed, period, or the variables examined. In Nigeria, Okoh and Nwakwanogo (2024) employed a VAR model to test the relationship between exchange rate volatility and agricultural exports. They found out that exchange rate volatility, alongside other variables, exerted a positive effect on Nigeria's agricultural exports. Similarly, Gold and Yusuf (2025), using the ARDL framework, reported that currency depreciation significantly enhanced the country's non-oil export performance. David et al. (2024) also confirmed a positive and significant effect of exchange rate on Nigeria's exports both in the short and long run. Another study whose findings showed a positive relationship between exchange rates and exports is that of Michael et al. (2024)

who established that exchange rate volatility positively influenced exports, although it had a negative effect on imports.

Some studies revealed mixed outcomes depending on the time horizon or export destinations. For instance, Okogor et al. (2023), in their analysis of Nigeria's exports to its top five destinations, showed that naira depreciation increased exports in the short run to France and Spain and in the long run to France, Spain, and India. Additionally, it reduced exports to China and the United States in the short run, exerting insignificant effects on India in the long run. Similarly, Ekanayake and Dissanyake (2022), examining the United States' exports to BRICS countries, found a negative long-run relationship between exchange rate volatility and exports, although the short-run effects varied across the countries studied.

Conversely, other studies demonstrated predominantly negative relationships. Choga and Mashao (2025), using the EGARCH model, found a significant negative relationship between exchange rate volatility and South Africa's agricultural exports, recommending currency stabilization policies to mitigate adverse effects. In the Nigerian context, Innocent et al. (2022) reported a negative and insignificant impact of exchange rate volatility on exports between 2005 and 2020, recommending that the Central Bank pursues policies aimed at stabilizing the currency while fostering an enabling environment for export-oriented production. A negative relationship between exchange rate fluctuations and international trade variables was also discovered by Osei-Gyebi (2022) in his study where he examined how exchange rate changes affect Ghana's trade balance using the VECM. Overall, these findings underscore the complex and context-specific nature of the relationship between exchange rate dynamics and export performance.

Gaps in Empirical Literature

Although prior studies have examined the relationship between exchange rate fluctuations and Nigeria's exports, most utilized data that ended before 2023 and thus fail to account for the unprecedented volatility that drove the Naira to an all-time low, leaving a temporal gap in understanding its recent implications on export performance. Moreover, previous studies often treated exports as an aggregate measure, neglecting the heterogeneous effects on oil and non-oil exports, thereby creating a variable scope gap. Finally, reliance on annual data in several studies presents a frequency gap, as such data may obscure short-term fluctuations and their effects on trade outcomes.

Research Methodology

Research Design

This study employed a quantitative research design using secondary data spanning from 2012 to 2024. The data were sourced from CBN quarterly economic reports and the National Bureau of Statistics quarterly reports on foreign trade in goods statistics for the years under consideration. The variables being studied are Naira Exchange Rate to US

Dollar (ER) which is the independent variable and Nigeria's Exports (EXP) which is the dependent variable.

Model Specification

To assess the short-run and long-run relationship between the two variables associated with this study, the Vector Error Correction Model (VECM) was used. The reason for using this model is because the variables in the study are integrated in the order of $I(1)$, making it well suited for capturing both short-run and long-run dynamics.

The Model is specified below:

$$\Delta EXP_t = \alpha + \sum_{i=1}^{(p-1)} \beta_i \Delta EXP_{t-i} + \sum_{i=1}^{(p-1)} \gamma_i \Delta ER_{t-i} + \lambda ECT_{t-1} + \varepsilon_t$$

Where:

ΔEXP_t : First difference of exports at time t

ΔER_t : First difference of exchange rate at time t

ECT_{t-1} : Error correction term lagged by one period

α : Constant term

β_i, γ_i : Short-run dynamic coefficients

λ : Adjustment coefficient indicating the speed of adjustment

ε_t : Error term

p : Optimal lag length

Data Analysis

Table 1: Phillips-Perron (PP) Unit Root Test Results

Variable	Test Statistic	p-Value	1% CV	5% CV	10% CV	Decision
Exchange Rate (ER)	1.4797	1.000	-4.1485	-3.5005	-3.1796	Non-Stationary
Exports (EXP)	-0.0129	0.9950	-4.1485	-3.5005	-3.1796	Non-Stationary

Source: EViews 12 Student Version

Table 2: Phillips-Perron (PP) Unit Root Test Result after First Difference

Variable	PP Test Statistic	p-Value	1% CV	5% CV	10% CV	Decision	Conclusion
Exchange Rate (ER)	-6.2743	0.0000	-4.1525	-3.5023	-3.1806	Stationary	No Unit Root
Exports (EXP)	-6.0223	0.0000	-4.1525	-3.5024	-3.1807	Stationary	No Unit Root

Source: EViews 12 Student Version

The Phillips Perron test was conducted to ascertain the stationarity of the variables. Figures from table 1 indicate that both Exchange Rate and Exports are non-stationary at levels, as their t-statistics are higher than the critical values at 1%, 5% and 10% respectively. In order

to make the variables stationary, first differencing was applied to both exchange rate and exports. Based on the results in table 2, both Exchange Rate and Exports became stationary, as seen in the significantly negative test statistics when compared to the critical values. This confirms that the variables are integrated of order $I(1)$, justifying the use of VECM.

Table 3: Lag Selection Criteria

Lag	LogL	AIC	SC
1	-426.72	17.27	17.46
2	-391.92	17.15	17.58
3	-418.45	17.24	17.39
4	-405.28	17.26	17.61

Lag 2 which yielded the lowest Akaike Information Criterion (AIC) was selected as the optimal lag length due to its superior model fit and efficiency in minimizing information loss.

Johansen's Cointegration Test

Table 4: Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Value	Critical	Prob.
None *	0.2684	19.8969	18.3977		0.0307
At most 1	0.0969	4.8953	3.8414		0.0269

Source: EViews 12 Student Version

The Johansen's Cointegration test was conducted to confirm whether exchange rate and exports have a long-run relationship. The results from the table above indicate that trace test identifies two cointegrating equation at a 5% significance level, suggesting a long-run equilibrium relationship between Exchange Rate and Exports. This implies that despite fluctuations in the short-run, the two variables move together over time.

Table 5: Vector Error Correction Model Results

Section	Variable	Coefficient	Std. Error	t-Statistic	p-Value
Cointegrating Equation	EXP(-1)	1.000000	-	-	-
	EXR(-1)	-9.418156	2.86889	-3.28286	0.0020
	C	-1728.514	-	-	-
Error Correction Model	CointEq1	-0.282374	0.13226	-2.13493	0.039
	D(EXP(-1))	0.274007	0.21168	1.29441	0.202

Section	Variable	Coefficient	Std. Error	t-Statistic	p-Value
	D(EXP(-2))	0.107716	0.22405	0.48076	0.633
	D(EXR(-1))	0.574708	3.66619	0.15676	0.876
	D(EXR(-2))	7.815317	3.86778	2.02062	0.050
	C	-39.23112	200.826	-0.19535	0.846
Model Fit Statistics	R-squared	0.269152			
	Adjusted R-squared	0.184170			
	Standard error of equation	1221.074			
	F-statistic	3.167158			
	Log likelihood	-414.5946			
	Akaike Information Criterion	17.16713			
	Schwarz Criterion	17.39878			

Source: EViews 12 Student Version

The cointegration equation suggests that Exchange Rate has a significant negative long-run impact on Exports, as shown by the coefficient of -9.418156 with a strong t-statistic of -3.28286 ($p = 0.0020$). This indicates that, in the long run, a depreciation in the exchange rate reduces exports. The error correction term (ECT) is negative (-0.282374) and statistically significant at the 5% level ($p = 0.039$), confirming that short-run deviations from the long-run equilibrium are corrected at a speed of about 28% each period. This implies meaningful adjustment towards equilibrium.

The lagged differences of exports show mixed short-term effects. $D(EXP(-1))$ is positive (0.274007) but insignificant ($p = 0.202$), while $D(EXP(-2))$ is also positive (0.107716) but very weak and insignificant ($p = 0.633$). This suggests that short-run responses of exports to their past fluctuations are unstable and not robust. For the exchange rate dynamics, $D(EXR(-1))$ is positive (0.574708) but insignificant ($p = 0.876$), whereas $D(EXR(-2))$ is strongly positive (7.815317) and significant at the 5% level ($p = 0.050$). This indicates that only the second lag of exchange rate changes exerts a meaningful positive short-run impact on exports.

The model fit statistics show that the R^2 for $D(EXP)$ is 0.2691 , implying that about 26.91% of variations in exports are explained by exchange rate volatility and its lags. Although relatively low, it indicates that other macroeconomic factors such as oil prices, trade agreements, and global demand conditions play important roles in shaping Nigeria's exports beyond exchange rate movements.

Table 6: Residual Heteroskedasticity Tests (Levels and Squares)

Section	Statistic	Value	Df	Prob.	
Joint Test	Chi-sq	62.82418	60	0.3766	
Dependent	R-squared	F(20,28)	Prob. (F)	Chi-sq(20)	Prob. (Chi-sq)
res1*res1	0.699966	3.266131	0.0021	34.29831	0.0242

res2*res2	0.736188	3.906804	0.0005	36.07320	0.0151
res2*res1	0.739126	3.966580	0.0005	36.21718	0.0145

Source: EViews 12 Student Version

The residual heteroskedasticity test reported in Table 6 shows mixed results. At the system (joint) level, the null hypothesis of homoskedasticity cannot be rejected since the Chi-square statistic (62.82) has a p-value of 0.3766, which is well above the 5% significance threshold. This suggests that, overall, the model residuals do not suffer from heteroskedasticity, indicating that the VECM is well specified and the parameter estimates are efficient. Nonetheless, some individual components exhibit significant p-values, pointing to the presence of heteroskedasticity at the disaggregated level, although the system-level outcome provides stronger evidence of model adequacy.

Table 7: Residual Serial Correlation LM Test Results

Test Type	Lag	LRE* stat	df	Prob. (LRE*)	Rao F- stat	df (F)	Prob. (F)
Null: No serial correlation at lag h	1	3.321978	4	0.5055	0.837294	(4, 80.0)	0.5055
	2	7.062746	4	0.1326	1.822175	(4, 80.0)	0.1327
Null: No serial correlation at lags 1 to h	1	3.321978	4	0.5055	0.837294	(4, 80.0)	0.5055
	2	12.81123	8	0.1185	1.672544	(8, 76.0)	0.1189

The results of the residual serial correlation LM test show that the null hypothesis of no serial correlation cannot be rejected at both lag 1 ($p = 0.506$) and lag 2 ($p = 0.133$). Similarly, the joint test for lags 1 to 2 also yields an insignificant probability value ($p = 0.119$), which is well above the 5% level. This indicates that the residuals are free from serial correlation, thereby confirming that the VECM is appropriately specified.

Discussion of Findings

Results from the Unit Root Test confirmed that both variables were non-stationary at levels, necessitating their first differencing to attain stationarity. Subsequently, the Johansen Cointegration Test was conducted to verify the existence of a long-run relationship. The results obtained suggested a long-run equilibrium relationship between Exchange Rate (EXR) and Exports (EXP). In the short run, the dynamics are more nuanced. The insignificance of the lagged export terms, $D(EXP(-1))$ with a p-value of 0.202 and $D(EXP(-2))$ with a p-value of 0.633, indicates weak short-term persistence in export growth, implying that changes in exports do not quickly feed back into subsequent periods. Similarly, the first lag of the exchange rate, $D(EXR(-1))$, with a p-value of 0.876, is not

statistically significant, suggesting that immediate fluctuations in the exchange rate have limited impact on exports. By contrast, the second lag, $D(EXR(-2))$, is statistically significant at the 5% level with a p-value of 0.050, implying that the effect of exchange rate changes on exports emerges with a delay. This finding suggests that exporters may require some time to adjust production processes, renegotiate trade contracts, or respond to shifts in input costs before the impact of currency fluctuations becomes evident in export performance. Therefore, the short-run hypothesis is only partially supported.

The Error Correction Term (CointEq1) is negative (-0.2824) and statistically significant ($p = 0.039$), validating the cointegrating relationship. Its magnitude indicates that approximately 28% of short-term disequilibrium in exports is corrected each quarter, ensuring gradual adjustment toward the long-run equilibrium path. This result is particularly important as it demonstrates that while short-run shocks may distort export performance, the system self-corrects over time.

In the long run, the results from the VECM reveal a strong negative impact of exchange rate volatility on exports. This is consistent with findings by Ogbu (2024) in Nigeria and Wanzala et al. (2024) in Kenya, who also reported that exchange rate instability reduces export performance. The adverse effect can be explained in both the oil and non-oil sectors. For oil, which constitutes the bulk of Nigeria's export earnings, exchange rate volatility magnifies the effects of global crude oil price uncertainty, discouraging investment and reducing the predictability of revenues. For non-oil exporters, persistent Naira depreciation raises the cost of imported machinery, raw materials, and intermediate inputs, thereby increasing production costs and squeezing profit margins. This dual pressure undermines Nigeria's overall export competitiveness. Finally, given that the cointegration equation coefficient and ECT p-values are both statistically significant at the 5% level (0.0020 and 0.039), the long-run null hypothesis that exchange rate fluctuations have no significant relationship with exports is rejected. This confirms that exchange rate movements play a critical role in shaping Nigeria's export performance.

Limitations of the Study

This study focused solely on the relationship between exchange rate and exports, neglecting other variables capable of influencing export performance such as inflation, interest rates, and trade policies. This narrow focus may restrict the breadth of the analysis and limit the extent to which the findings can be generalized. Nevertheless, it is very much relevant in assessing the direct impact of exchange rate fluctuations on exports.

Policy Implications and Recommendations

The findings from this study underpin the critical role exchange rate plays in international trade, specifically Nigeria's exports. The significant long-run impact of exchange rate fluctuations on the country's exports stresses the need for policy makers to implement strategies that are capable of stabilizing the exchange rate as this will be crucial in achieving economic stability and strengthening export performance. With oil exports accounting for majority of Nigeria's exports and foreign exchange earnings, diversifying the economy by

encouraging non-oil exports will go a long way in shielding the economy from recurrent shocks brought about by global oil price variations. Promoting non-oil exports in agriculture, manufacturing, and other industries is capable of making the economy less sensitive to oil market price fluctuations, allowing it to be more stable and ultimately foster the growth of the export sector.

Additionally, it is essential that regulatory authorities like Price Control Board are proactive in managing inflationary pressures often arising from minor exchange rate movements in order to shield local exporters who rely on imported raw materials for production. By keeping production costs under control, exporters can still register decent profits and remain competitive in global markets despite adverse exchange rate movements.

Conclusion

This study contributes to the literature by showing that exchange rate fluctuations exert mixed short-run effects on Nigeria's exports but have a substantial and adverse long-run impact. These findings highlight the vulnerability of Nigeria's trade sector to exchange rate instability and extend the understanding of how external shocks transmit through the economy. Monetary authorities should therefore work alongside the government in prioritizing exchange rate stabilization to foster long-term planning, boost investor confidence, and enhance resilience against global shocks, thereby promoting a more stable and efficient export sector. A limitation of the study is its narrow focus on exchange rate and exports, without accounting for other macroeconomic variables such as oil prices, inflation, or trade openness that may also influence export performance. Future research should therefore employ recent data, and incorporate a broader set of variables to provide a more comprehensive understanding of the relationship between exchange rate fluctuations and export performance.

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