



THE DETERMINANT OF FOREIGN EXCHANGE RATE

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DECLARATION OF ORIGINAL WORK



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"DECLARATION OF ORIGINAL WORK"**

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- This work has not previously been accepted in a substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project – paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

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ABSTRACT

This research paper major objective is to examine the relationship between foreign exchange rate and some of the independent variable which is lending interest rate, terms of trade and inflation rate. This research used secondary data within the period of 1987 until 2017 which is collected from World Bank data. This research uses Ordinary Least Square (OLS) method to examine the relationship between the dependent variable and independent variable. it is found that interest rate and foreign exchange rate having positive and not significant relationship. Besides, this research found that lending interest rate and foreign exchange rate have positive and significant relationship, while terms of trade and foreign exchange rate have negative and significant relationship.