



Applied Financial Economics >

Volume 16, 2006 - [Issue 4](#)

271 | 23 | 3
Views | CrossRef citations to date | Altmetric

Original Articles

Mean reversion and structural breaks in real exchange rates: South African evidence

Oludele Akinloye Akinboade & Daniel Makina

Pages 347-358 | Published online: 21 Aug 2006

Cite this article <https://doi.org/10.1080/09603100500401260>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

The paper tests for mean reversion, that is, purchasing power parity (PPP), in the bilateral real exchange rate series of the South African rand against those of the dollar, the pound sterling, the euro and the yen, these being the currencies of the country's main trading partners. The relevance of considering structural breaks in PPP tests is demonstrated. Using standard unit root tests without considering structural breaks, one is unable to reject the null hypothesis of a unit root in the exchange rate series. The additive outlier model clearly demonstrates the importance of multiple sudden structural breaks and supports the stationarity of the rand's bilateral real exchange rates. As expected the innovative outlier model, which seeks to suggest gradual shifts, only identifies a limited number of breaks and does not support mean reversion.

People also read

Recommended articles

Cited by
23

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

