



Q

Home ► All Journals ► Economics, Finance & Business ► Applied Financial Economics ► List of Issues ► Volume 16, Issue 4 ► Mean reversion and structural breaks in

Applied Financial Economics >

Volume 16, 2006 - Issue 4

271233ViewsCrossRef citations to dateAltmetric

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

G Cite this article **I** https://doi.org/10.1080/09603100500401260



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.

Related research 1

People also read

Recommended articles

Cited by 23

· ·	1 B B B B B B B B B B B B B B B B B B B	C
Informa	ation	tor

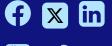
Open access

Authors Overview **R&D** professionals **Open** journals Editors **Open Select** Librarians **Dove Medical Press** Societies F1000Research **Opportunities** Help and information Reprints and e-prints Help and contact Advertising solutions Newsroom Accelerated publication All journals Books Corporate access solutions

Keep up to date

Register to receive personalised research and resources by email

Sign me up





Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions

Accessibility

Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG

