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Testing the validity of quasi PPP hypothesis: evidence from a recent panel unit root test with structural breaks

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Abstract

In this article we test the validity of quasi Purchasing Power Parity (PPP) hypothesis for 18 Turkish real exchange rate series using a panel unit root test that allows for structural breaks in the level and the trend. Test results based on a long span of data find evidence of the validity of quasi PPP hypothesis for almost all the exchange rate series under study and for the whole of panel as well.

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