

The Dynamics of Exchange Rates and Their Impact on International Trade

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Abstract. This research analyzes the dynamic relationship between exchange rates and international trade. By examining data from 2005 to 2020, the study investigates how fluctuations in exchange rates affect trade volumes and economic relationships between countries. The findings reveal that while exchange rate volatility can hinder trade, strategic monetary policies can mitigate adverse effects. This paper provides essential insights for both policymakers and international traders.

Keywords: Exchange Rates, International Trade, Economic Relationships, Monetary Policies, Trade Volumes

Introduction

Exchange rates play a crucial role in shaping international trade dynamics. This paper seeks to unravel the complex relationship between exchange rate fluctuations and trade volumes, focusing on the period from 2005 to 2020. Our analysis highlights the challenges posed by exchange rate volatility and the potential for strategic monetary policies to mitigate these challenges. By understanding these dynamics, policymakers and international traders can better navigate the complexities of global trade.

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