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INTERNATIONAL TRADE AND FINANCIAL CRISES IN NIGERIA

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OSINUSI KUNLE BANKOLE
Associate Professor, Department of Economics, Tai Solarin University of Education ijagun, Ogun State, osinusikb@tasued.edu.ng, 08034742233

NWAOGU DAMARIS IFEYINWA
Graduate student, Department of Economics, Tai Solarin University of Education ijagun Ogun State, nwaogudamaris0@gmail.com, 08167261313

LAWAL NURUDEEN ABIODUN
Associate Professor, Department of Economics, Tai Solarin University of Education, Ogun state lawalna@tasued.edu.ng, 08034018037

SOKUNBI ADEPEJU REBECCA
Assistant Lecturer, Department of Economics, Tai Solarin University of Education adepejusokuni@gmail.com, 08163700109

Abstract *The Nigerian economy has faced significant challenges, particularly following the 2008 global financial crisis, with issues such as exchange rate volatility, inconsistent GDP growth, and high-interest rates persisting despite government efforts like the African Continental Free Trade Area (AfCFTA). This study analyzed the relationship between key economic variables—currency in circulation, credit to the private sector, GDP growth, exchange rates, and net exports—using secondary data from January 2008 to December 2023. The results revealed that credit to the private sector have a weak impact on net export, while the amount of money in circulation had favourable and positive impact on net export. At the long term, net export is positively and significantly impacted by the GDP growth rate. Granger causality analysis indicates bidirectional causality between Nigeria's exchange rate and net export, and unidirectional causality between net export and credit to the private sector, net export and currency in circulation, GDP growth rate and exchange rate, GDP growth rate and currency in circulation, and exchange rate and currency in circulation. Therefore, it is recommended that government should implement complementary measures to stabilize exchange rates, promote export competitiveness and to enhance access to credit for the private sector. Also, to implement policies aimed at stimulating GDP growth in the short term. This could include fiscal measures such as increased government spending on infrastructure projects, tax incentives for businesses, and monetary policies to lower interest rates and stimulate investment.*

Keywords Financial Crises, International Trade, Exchange Rate, Credit to Private Sector

1. Introduction

Financial crises have happened many times in different countries and areas in history from the 19th century. Each crisis resulted in unavoidable loss for financial markets and economics. Financial sectors as a cause of economic fluctuations (Bernanke 1983; Bernanke and Gertler 1989) as a view increase the importance of the value of studying financial crises.

There seems to be a belief that the financial crisis will only affect imports and exports of the countries through changes in exchange rates. However, this view cannot be correct. A devaluation of a national currency increases the export volume and decrease the import volume. Classic international trade theory shows that devaluation improves the trade balance if the Marshall-Lerner condition is satisfied. Since in a financial crisis a country usually experienced a devaluation of its national currency, the same analysis would apply, i.e., the affected countries' imports will decrease but their exports will increase after the crisis. Furthermore, financial crisis (including currency crisis, banking crisis or both) could also affect trade through channels besides the exchange rate

The activity of international trade is important for any country, because through exports and imports macroeconomic proportions and correlations can be regularized, thus avoiding destabilization. This aspect becomes even more important now in the conditions of the pandemic crisis and the financial-economic one (Anghelache, et.al, 2021). Financial crisis can be transmitted from a country to another through a direct trade linkage as well (Kali and Reyes (2010); Abeysinghe and Forbes (2005; Kumar, (2004) cited by Askari et.al, (2018)). Eichengreen and Andrew (1999) stated by Gouher et al, (2017) test whether bilateral trade linkages transmitted crisis between industrial countries between 1959 and 1993. For the present crisis, there is a continuous diagnosis of the situation by the World Bank, IMF, and the WTO, who find that the trade is affected by the financial crisis. The institutional reports apart, there are individual studies (Ahmed et.al, 2017). Forbes (2000) also used company's stock market data to study the importance of trade in financial crisis transmission and his result also showed that trade played an important role.

The Nigerian economy has undergone significant challenges, particularly during and after the global financial crisis in 2008. These challenges have been characterized by elevated fluctuations in exchange rates, and varying rates of GDP growth, high interest rate among others. The focus of scholars has been centred around the effect of global financial crises on Nigeria economy (see Olawale, 2020; Omotor, 2011; and Arinze and Matthew, 2014). According to Sanusi (2009) stated by Olawale, 2020, the world economy has been hit by the repercussion of the financial meltdown that started with the sub-prime mortgage crisis in the United States of America and spread to Europe and other parts of the world and that the growing inability to differentiate the current crisis

from either an economic problem, a political quandary or an ideological clash even makes the situation more worrisome. The pace at which the crisis is affecting economic activity around the world is staggering.

Despite government encouraging the growth of global market by launching the Economic Recovery and Growth Plan (ERGP), Free Trade Area (AFCFTA), The Nigerian Export Promotion Council (NEPC) and other export promotion agencies and Central Bank of Nigeria (CBN) to stabilize the exchange rate and manage currency fluctuation by operating a multiple exchange rate system, which includes the official exchange rate, the investors' and Exporters' (I&E) window, and the parallel market rate. The Nigerian economy still experience high fluctuation in exchange rate influenced by both domestic and global economic factors. The fluctuating exchange rates have impacted the competitiveness of Nigerian exports and the cost of imported goods.

Also, the GDP growth rate which serves as a key indicator of the overall economic health of a nation have been affected by the rate of exchange fluctuation. Then, it is pertinent to ask the following research questions. Does exchange rate fluctuation affect Nigeria's international trade? Does money supply have impact on international trade during financial crises in Nigeria? How does credit to the private sector influence international trade during financial crises in Nigeria? Does growth in production and consumption positively impact international trade in Nigeria during financial crises? Investigating the complex interaction and potential implications of financial crises on Nigeria's trade activities is crucial. Therefore, this study seeks to explore the nuanced interaction between international trade, that is, export, import and macroeconomics variables in Nigeria during and after the financial crisis, that is, how the change in exchange rate, money supply, credit to the private sector, GDP growth affected international trade flows in the 2000s. The research poses the following questions. Is there any short-run and long-run effect between currency in circulation, credit to the private sector, exchange rate fluctuation and GDP growth rate on international trade during financial crises in Nigeria? Is there any causal relationship among currency in circulation, credit to the private sector, GDP growth rate, real exchange rate fluctuation, and international trade during financial crises in Nigeria?

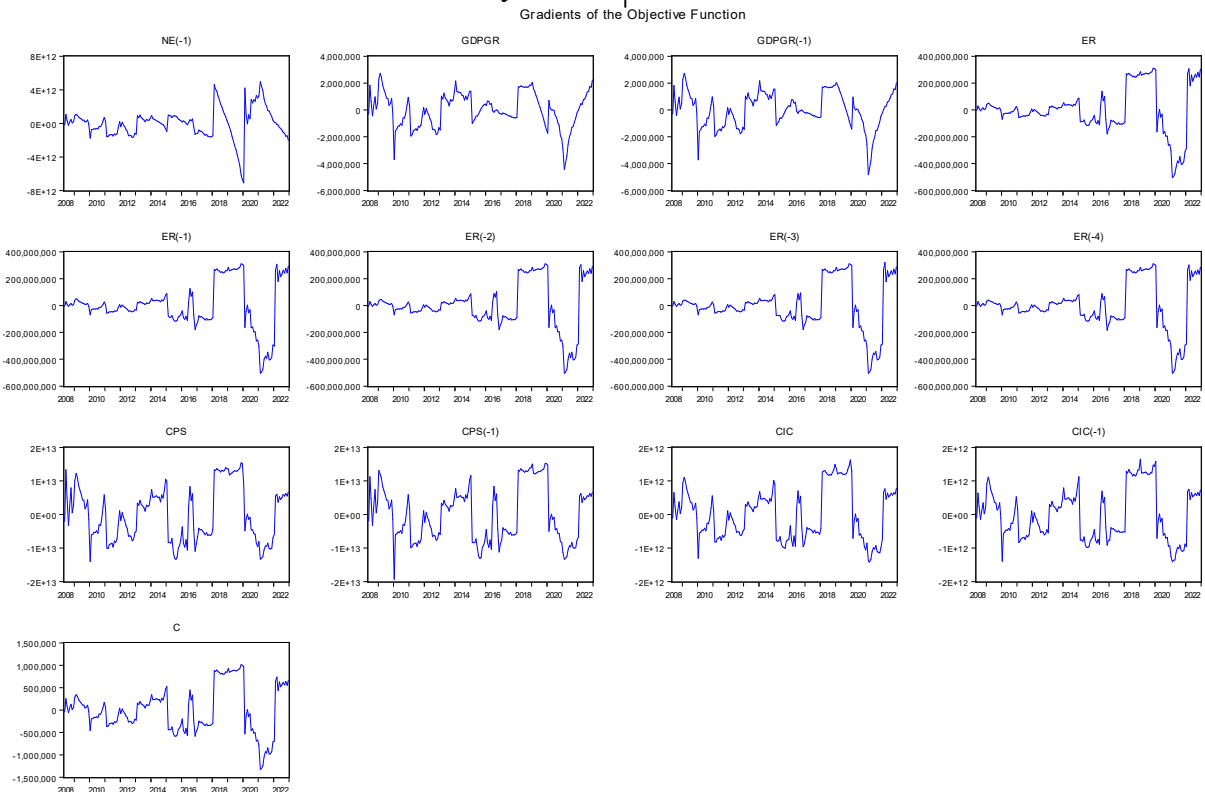
2. Literature Review

2.1 Conceptual Review

A financial crisis is a sudden wide-scale drop in the value of financial assets, or in the financial institutions managing those assets (and often in both) (Samuel, 2015). A financial crisis may be triggered by a variety of factors, but the situation is typically aggravated by negative investment sentiment, fear or panic. A financial crisis often sparks a vicious circle where an initial decline sparks fear by investors that other investors will pull their money out leading to redemptions and increasing declines. Financial crisis is applied broadly to a variety of situations in which some financial institutions or assets suddenly lose a large part of their value, (Adamu, 2010). Sanusi (2010) is of the opinion that it is a moment when financial networks and markets suddenly become markedly unable or

strained to the point where it may collapse. Eichengreen and Portes (1987) have defined it as a sharp change in asset prices that lead to distress among financial market participants.

International trade is viewed as cross-border economic dealings, that is, with other nations (Hermant, 2019). Trade, according to Ezirim (2005) cited by Opara (2023), is a recurrent series of exchanges of products through market transactions. If it entails exchanges that take place beyond the purview of a sovereign political power, it is referred to as international trade. The system through which countries export and import commodities, services, and capital is how Samuelson (2002) cited by Opara (2023) perceives international commerce. The gradients of Nigeria's net export, exchange rate, credit to private sector, currency in circulation, and GDP growth rate during and after financial crises is shown in the diagram below. The graphical trend illustrates how Nigeria's net export interacts with other micro-economics variables from January, 2008 to December, 2022. The graph shows that the variables used for the study are highly volatile during the period under study.



2.2 Empirical Review

Eyo and Ugah (2023) studied the effect of financial development, financial crisis, and globalization in Nigeria employing vector autoregressive model and the autoregressive distributed lag model techniques revealed that the effect of changes in financial developments does not have long-run implications for globalization. Whereas, in the short run, they posit a positive and significant effect on globalization. Fakunmoju (2022) examined the contagion of the global financial crisis between the U.S.

stock exchange and Nigeria stock exchange markets using DCC - GARCH model approach discovered that there exists a contagion transmission of the global financial crisis from the U.S. stock exchange to the Nigeria stock exchange markets and also that that the conditional correlation between the Nigerian and US stock markets is highly dynamic and time variable i.e the contagion effect of the GFC from the US stock market to the Nigerian stock market exists in the four periods.

Sanusi et.al, (2023) investigates the impact of international trade on economic growth in Nigeria from 2000Q1- 2020Q4 employing autoregressive distributed lag model (ARDL) and error correction model (ECM) found that exports demand has significant and positive short run and long run relationship with economic growth, while imports demand and exchange rate volatility have short run and long run negative relationships with economic growth in Nigeria during the study period. Anghelache, et.al, (2021) examined the evolution of international trade under the impact of the health and economic and financial crisis using Ordinary Least Square, they found that international trade (import-export) activity has an effect on the final results that each country achieves. Thus, the indicator called net exports results from the difference between exports and imports, which may have a negative or positive value, i.e. be deficient or in surplus.

2.2 Gaps in Literature

Studies have focused on the effect of financial crisis in Nigeria on various aspects of international trade, such as export and import patterns, trade balances, and trading partner relationships (Anghelache, et.al, (2021); Opara (2023); Eyo and Ugah (2023)). This study intends to answer how currency fluctuations during crisis affect the competitiveness of Nigerian exports and the cost of imports and also to investigate the effectiveness of policy responses to financial crisis in Nigeria in mitigating negative impacts on international trade. It also seeks to examine the effect of broader macroeconomics indicators, such as inflation, interest rates and the overall economic performance in shaping the nexus between financial crises and international trade in Nigeria. To investigate the long-term consequences of financial crises on the structure and composition of Nigeria's international trade.

3. Model Specification

The specified model for this study is adapted from Maduka & Madichie (2017) and Eyo & Ugah (2023). The works of Maduka & Madichie (2017) and Eyo & Ugah (2023) used foreign direct investment and trade openness to capture globalization (dependent variable) while measures of financial development and financial crises like the volatility of real exchange rate, money supply, credit to the private sector, GDP and foreign reserve (independent variables) were used. This work employed two empirical specifications designed to capture financial development and financial crises. The reason for doing so is to avoid issues of multi-collinearity and establish the robustness of the analysis (Gujarati 2004). To this end, this study will use volatility of real exchange rate, money supply, credit to the private sector, GDP growth rate, foreign

reserve, inflation rate and real interest rate (explanatory variables). The following econometric model was modified and expressed to examine the relationship existing between the variables under study;

NE = f (CIC, CPS, REER, GDPgr) 1

The functional relation in (i) above is presented in its econometric form:

$NE_t = \beta_0 + \beta_1 REER + \beta_2 GDPgr + \beta_3 CIC + \beta_4 CPS$ 2

Where; REER = Real effective exchange rate, GDPgr = Gross Domestic Product growth, CPS = Credit to the Private Sector, CIC = Currency in Circulation

The Granger causality specification for this study is set as follows:

$In(ne)_t =$

$$\sum_{i=1}^{P} \beta_{1i}\, \Delta ln\,(ne)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta_{2i}}\, \Delta ln(reer)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{3i}\, \Delta \ln\,(ms)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{4i}\, \Delta ln(cps)_{t-1}$$

$$\sum_{i=1}^{p} \boldsymbol{\beta}_{5i}\, \Delta ln(\mathrm{GDPgr})_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{6i}\, \Delta ln(rir)_{t-1} + \sum_{i=1}^{p} \beta_{7i} \Delta ln(cpi)_{t-1} + \varepsilon_t \quad 3$$

$In(reer)_t =$

$$\sum_{i=1}^{P} \beta_{1i}\, \Delta ln\,(reer)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta_{2i}}\, \Delta ln(ne)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{3i}\, \Delta \ln\,(ms)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{4i}\, \Delta ln(cps)_{t-1} +$$

$$\sum_{i=1}^{p} \boldsymbol{\beta}_{5i}\, \Delta ln(\mathrm{GDPgr})_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{6i}\, \Delta ln(rir)_{t-1} + \sum_{i=1}^{p} \beta_{7i} \Delta ln(cpi)_{t-1} + \varepsilon_t \quad 4$$

$$In(ms)_t = \sum_{i=1}^{P} \beta_{1i}\, \Delta ln\,(ms)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta_{2i}}\, \Delta ln(reer)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{3i}\, \Delta \ln\,(ne)_{t-1} +$$

$$\sum_{i=1}^{p} \boldsymbol{\beta}_{4i}\, \Delta ln(cps)_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{5i}\, \Delta ln(\mathrm{GDPgr})_{t-1} + \sum_{i=1}^{p} \boldsymbol{\beta}_{6i}\, \Delta ln(rir)_{t-1} +$$

$$\sum_{i=1}^{p} \beta_{7i} \Delta ln(cpi)_{t-1} + \varepsilon_t \quad 5$$

4. Result and Discussion

4.1 Descriptive Analysis

The descriptive data are displayed in Table 4.1. The mean value of net export is $1283486 million, meaning that, on average, there was $1283486 million in overall trade between January 2008 and December 2023. The 3597493 standard deviation suggests that overall commerce in Nigeria is somewhat erratic over the research period. The lowest and greatest figures showed that the entire value of trade in Nigeria is approximately $-7905599 million, while the largest value is $5822589 billion. The average GDP growth rate across the studied periods is 3.5%, indicating that the GDP is growing at a rate of only 3.5%. The relatively low value of the standard deviation of 2.9 per cent indicates that there is a low level of volatility in the changes in GDP growth rate in Nigeria. The minimum value of -1.8 per

cent reveals that GDP growth of -18 per cent has been recorded in a particular period, while a maximum GDP growth of 8 per cent has been recorded at another specific time for the timeframe under consideration. The skewness and kurtosis of total trade is found to deviate from the convention values of 0 and 3 while GDP growth rate is normally distributed

From January 2008 to December 2023, the average depreciation of the Nigerian currency is around $241, as indicated by the mean value of the exchange rate, which is approximately 241%. A significant degree of volatility in the fluctuations in the Nigerian currency rate is suggested by the standard deviation of 102%. The currency rate in Nigeria is approximately ₦118 at its lowest and ₦460 at its greatest, as indicated by the minimum and maximum numbers. Furthermore, the credit to private sector has a mean value of $22561474 million, meaning that, on average, from January 2008 and December 2023, $22561474 million has been credited to the private sector.

The 11377492 percent standard deviation suggests that credit to the private sector in Nigeria is highly volatile. The minimum and maximum values showed that the credit to the private sector in Nigeria ranges from $8226443 million at the lowest to $63569717 million at the greatest. Based on the skewness and kurtosis values that are considerably different from 0 and 3, respectively, there is evidence that the exchange rate is normally distributed and that credit to the private sector does not meet the requirements of a normal distribution.

Additionally, the average amount of money in circulation is $1899135 million. All it means is that the average amount of money in circulation from January 2008 to December 2023. Given the high standard deviation of the indicators, there is proof of significant volatility in the amount of money in circulation. The lowest and maximum values of currency in circulation showed that there is a minimum of $982098 thousand and a maximum of $3350615 million in currency in circulation in Nigeria. The kurtosis and skewness show that the distribution of cash in circulation is normal.

The descriptive analysis's findings lead to the conclusion that the GDP growth rate, exchange rate, and currency in circulation are normally distributed, and that the average GDP growth rate for the time under consideration is noticeably low. Nonetheless, it is discovered that the distribution of overall commerce and credit to the private sector is not typical. Because ARDL approaches are appropriate for dealing with non-normally distributed series, they are used to overcome this statistical problem.

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max	Skew.	Kurt.
NE	180	1283486	3597493	-7905599	5822589	-0.7060	2.4525
GDPGR	180	3.4506	2.9040	-1.7943	8.0369	0.0823	1.7251
ER	180	240.7150	101.7766	117.7256	460.0000	0.5212	1.8112
CPS	180	22561474	11377492	8226443	63569717	1.2218	4.5324
CIC	180	1899135	643693.8	982097.7	3350615	0.7269	2.6157

Source: Author's Compilation, 2024.

Note: NE, GDPGR, ER, CPS, and CIC denote net export, exchange rate, credit to private sector and currency in circulation. Obs denotes number of observations, Std. Dev. stands for standard deviation, Min & Max are the minimum and maximum, Skew. is Skewness, and Kurt. is Kurtosis

4.2 Stationarity Results

In order to evaluate the financial crises and international trade stability over time, the unit root test is performed. This is accomplished through the use of the strong evidence-adopted Augmented Dickey-Fuller unit root test. In the distribution of the series at level and first difference at 1%, the results of the unit root test show that the null hypothesis of the unit root is rejected. It is therefore argued that there is evidence supporting the stationary series, I(0) and I(1), at distinct orders.

Table 4.2: Results of Unit Root Tests

AUGMENTED DICKEY-FULLER TEST				
AT LEVELS				
Variables	**ADF t-statistics**	**Critical Value (5%)**	**Probability**	**Order of Integration**
NE	-4.2284	-3.4352	0.0050	I(0)
GDPGR	-3.1085	-3.4352	0.1075	
CPS	-4.3020	-3.4369	0.0040	I(0)
ER	-1.6644	-3.4351	0.7629	
CIC	-2.7924	-3.4369	0.2022	
AT FIRST DIFFERENCE				
Variables	**ADF t-statistics**	**Critical Value (5%)**	**Probability**	**Order of Integration**
NE	-2.5031	-3.4352	0.3264	
GDPGR	-3.1817	-3.4352	0.0915	I(1)
CPS	-4.4161	-3.4369	0.0027	I(1)
ER	-12.0681	-3.4352	0.0000	I(1)
CIC	-5.6773	-3.4369	0.0000	I(1)

Source: Author's Compilation, 2024.

4.3 Cointegration Results

Table 4.3 shows the co-integration outcome of the bound test. Since the F-statistic is higher than the upper bound value, the result shows evidence of a long-term relationship between the variables under investigation. Consequently, the null hypothesis, which claims that there is no meaningful long-term link between the variables under investigation, is rejected.

Table 4.3: Results of co-integration test II

T-statistics	**Value**	**K**
F-stat	4.0499	2
Critical Value Bounds		
Level of significance	I(0) Bounds	I(1) Bounds
10%	2.63	3.35
5%	3.1	3.87
2.5%	3.55	4.38
1%	4.13	5

Source: Author's compilation, 2024.

4.4 Short-run ARDL Estimated Results

Table 4.4 displays the ARDL result for the short run. The findings show that, in the short term, net export is positively and considerably impacted by the GDP growth rate. This suggests that in the short term, a unit rise in GDP growth rate corresponds to a 277514 percent increase in net export. Additionally, the short-term impact of the exchange rate on net export was negative and considerable.

This suggests that a one-unit increase in the exchange rate causes a short-term decline in net export of 336.8%. There is a 0.999 corrected coefficient of determination (R-2). This shows that 99% of the variance in the dependent variable can be explained by the independent variable alone. Additionally, there is significance indicated by the F-statistic (35361.71), which is used to gauge the overall significance of the estimated models.

Table 4.4: Short-run ARDL Estimate

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	92550.83	41752.91	2.2166	0.0280
NE(-1)	1.9319	0.0275	70.1118	0.0000
GDPGR	277514.8	71934.09	3.8579	0.0002
ER	-336.7514	125.5677	-2.6818	0.0080
Adjusted R-squared	0.9991		F-statistic	35361.71
Durbin-Watson stat	2.1060		Prob(F-statistic)	0.0000

Source: Author's compilation, 2024.

4.5 Long-run ECM Estimated Results

Table 4.5 displays the ARDL result over the long term. The findings show that, at the long term, net export is positively and significantly impacted by the GDP growth rate. This suggests that, over time, a unit increase in GDP growth rate will translate into a 277514 percent rise in net export. At the 1% significance level, the co-integrated equation has a negative value. The coefficient of determination (R-2) that has been modified is 0.8806. This suggests that 88% of the variance in the dependent variable can be explained by the independent variable alone.

There is a long-term link between the dependent and independent variables, as evidenced by the error correction term's meeting the necessary criteria that the coefficient be negative (-0.0116) with a p-value of less than 5% level of significance (0.0001). The ECT indicated that 1.2 is the model's equilibrium speed adjustment. In the long run, this suggests that roughly 1.2% of the current periods are rectified, demonstrating the convergence of the model.

Table 4.5: Long-run ECM Estimate

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(NE(-1))	0.9435	0.0269	34.9610	0.0000
D(GDPGR)	277514.8	69665.31	3.9835	0.0001
CointEq(-1)*	-0.0116	0.0028	4.0601	0.0001
Adjusted R-squared	0.8805		F-statistic	11.2096
Durbin-Watson stat	2.1060		Prob(F-statistic)	0.0000

Source: Author's compilation, 2024.

4.6 Post-estimation Tests

In order to verify the validity of the data obtained from the autoregressive distributed lag (ARDL) technique, the diagnostic test results were summarised in the table below. Four tests were carried out: the normality test was used to determine whether the series was normally distributed; the linearity test was used to verify the model's linear assumption; the serial correlation LM test was used to ensure that there was no serial autocorrelation issue; and the heteroskedasticity test was used to determine whether the series had constant variance or suffered from functional form misspecification. The model data were normally distributed, according to the Jarque-Bera value of 6148.848 with a probability value of 0.4502, because its probability value is above the 10% level. The normalcy assumption is thus accepted.

Since the probability value is less than the 10% level of significance, the Breusch-Godfrey statistic of the serial correlation LM test demonstrated that there was no serial correlation issue with the time series data used in the analysis. Moreover, the alternative hypothesis of constant variance is accepted as the Breusch-Pagan-Godfrey heteroskedasticity probability value is greater than the 10% level of significance. Because the series' p-value is greater than the 10% level of significance, the stability test result, as indicated by the statistic (0.9666) and probability value of the Ramsey RESET test (0.3269), indicated that the series is free from non-linearity.

Table 4.6: Summary of Post Estimation Results

Test	Statistics	F-stat. value	Probability
Linearity	Ramsey RESET	0.9666	0.3269
Serial Correlation LM	Breusch-Godfrey	0.6229	0.5376
Heteroskedasticity	Breusch-Pagan-Godfrey	0.7245	0.7572
Normality	Jarque-Bera	6148.848	0.4502

Source: Author's compilation, 2024.

5.1 Conclusion and Recommendations

Using an extensive framework for analysis, this research explores how financial crises affect Nigerian international trade. A more complex view of Nigeria's economic dynamics within the framework of its international trade is made possible by the investigation's numerous insights.

Based on the findings, it can be concluded that in the short run, there exists a dynamic relationship among the exchange rate, GDP growth, credit to the private sector, currency in circulation, and net export. The analysis reveals that credit extended to the private sector has only a negligible negative effect on net exports in the short term. This suggests that while increased access to credit may fuel domestic economic activity, it does not necessarily translate into immediate improvements in the net export. Conversely, the study underscores that the amount of money in circulation exerts a favourable and noteworthy impact on net exports in the near term. This implies that a higher volume of currency circulating within the economy can stimulate exports, likely by bolstering consumer spending or facilitating transactions.

Also, the second objective shows that there is a strong positive relationship between GDP growth rate and net exports. A notable finding is that a unit rise in GDP growth rate corresponds to a substantial increase of 277514 per cent in net exports. This implies that during periods of rapid economic expansion, there is a significant boost in net export activity. Conversely, the short-term impact of the exchange rate on net exports is negative and considerable. This suggests that exchange rate fluctuations negatively affect on the trade balance in the short term. The study also identifies long-term relationships between net exports and several key variables, including the exchange rate, GDP growth rate, lending to the private sector, and currency in circulation. Specifically, it highlights a positive and significant long-term impact of GDP growth rate on net exports. This indicates that sustained economic growth over time tends to lead to increased net export activity.

Based on the findings derived from Pairwise Granger Causality analysis during Nigeria's financial crises from 2008 to December 2022, net export is causally related to credit to the private sector, suggesting that changes in private sector credit levels may influence the country's net export performance. Similarly, net export is influenced by changes in currency in circulation, indicating that variations in the amount of money in circulation can impact Nigeria's net export levels.

GDP growth rate and exchange rate exhibit a causal relationship, indicating that fluctuations in the exchange rate may affect the country's economic growth trajectory. Exchange rate and currency in circulation also show a causal relationship, implying that changes in the exchange rate can influence the amount of money circulating within Nigeria's economy. A noteworthy finding is the bidirectional causal relationship between Nigeria's exchange rate and net export over the study period. This indicates that changes in the exchange rate can influence net export levels, and vice versa. The study recommended that policymakers should implement policies which aimed at maintaining a stable exchange rate in the

short term. via monetary tools to mitigate excessive fluctuations that may disrupt economic activity and increase export competitiveness through industrial diversification. However, policymakers should be mindful that while increased credit may boost domestic demand, it may not immediately translate into improvements in net exports. Therefore, complementary measures to promote export competitiveness should be considered. Given the favourable impact of the amount of money in circulation on net exports, policymakers should aim to ensure adequate liquidity in the economy.

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