

## **Exchange Rate Misalignment: Accelerating or Restraining Factor for Economic Growth? An Analysis using the NARDL Approach**

**Nahoussé Diabate\* and Mounoufié Valéry Koffi**

*University of Alassane Ouattara, Bouaké, Côte d'Ivoire*

**Abstract:** This paper examines the relationship between economic growth and exchange rate misalignment in African economies. Our study is based on annual data covering 38 countries over the period 1996–2019. We use the nonlinear autoregressive distributed lag (NARDL) model. Our results indicate that undervaluation promotes economic growth, regardless of income level. However, countries that combine high income levels with less rigid exchange rate regimes experience the highest growth rates during undervaluation phases. This research suggests the adoption of less rigid exchange rate regimes for African countries.

**Keywords:** Undervaluation, Overvaluation, Exchange Rate Misalignment, Economic Growth

**JEL Classification Number:** F43; O47

---

\* Corresponding author. Email: [nahousse1980@gmail.com](mailto:nahousse1980@gmail.com)