

Exchange Rates Forecast of an Emerging Economy through an appropriate fitted time series model

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Abstract. The main objective of this paper is to assess exchange rates of the Sri Lankan monetary currency in terms of the US dollar rate by fitting an appropriate time series model to data spanning nearly two decades. Initially in-depth conceptual paradigms in terms of memory types and model selection criteria available in the current literature are applied to the chosen time series in order to find the best fitted model as a primary contribution. It is then utilized to make out-of-sample predictions of monetary value with respect to an emerging economy in Asia as a secondary creative component.