

# Analyzing the Dynamics of SGD-BDT Exchange Rate: Economic and Geopolitical Perspectives

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## ABSTRACT

This study analyzes the SGD-BDT exchange rate dynamics from 2014 to 2024, focusing on macroeconomic indicators and institutional-political factors. Despite strong trade ties, Singapore and Bangladesh exhibit contrasting economic and political systems. Employing descriptive statistics and trend analysis, the research examines the exchange rate in relation to GDP growth, inflation, long-term interest rates, and trade balances. Data are sourced from the World Bank, IMF, and national authorities, and presented through line charts and correlation mapping. Findings show that although Bangladesh achieved higher GDP growth, persistent inflation, trade deficits, and political instability led to a prolonged depreciation of the BDT. Conversely, Singapore's trade surplus, low inflation, and stable governance supported the strength of the SGD. Inflation differentials and trade performance exhibit stronger correlations with currency movement than interest rates alone. Moreover, geopolitical events such as COVID-19 and the Russia-Ukraine war, along with institutional quality, significantly influenced short-term exchange rate fluctuations. The study emphasizes the importance of integrated monetary and governance reforms in Bangladesh to reduce exchange rate volatility and boost investor confidence. This research contributes to a deeper understanding of currency behavior in contrasting economies and offers practical insights for policymakers, analysts, and international investors engaged in the Singapore-Bangladesh trade corridor.

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## 1. Introduction

Exchange rate dynamics have become a central concern in global economic discourse, particularly in an era marked by heightened financial integration, geopolitical uncertainty, and uneven economic recovery following the COVID-19 pandemic. Exchange rates influence a nation's trade competitiveness, capital mobility, inflation control, and the overall transmission of monetary policy. A depreciation in exchange rates often enhances export performance by lowering the price of goods in foreign markets, thereby stimulating demand, improving trade balances, and supporting economic growth (Aman et al., 2021). However, in developing and trade-dependent economies, such fluctuations can also create substantial macroeconomic vulnerabilities. As Goyal et al. (2022) note,

changes in global risk perception and external economic shocks can disrupt capital flows, induce currency volatility, and undermine monetary stability—particularly in emerging markets with limited policy buffers.

The bilateral exchange rate between the Singapore Dollar (SGD) and the Bangladeshi Taka (BDT) offers a compelling case study due to the stark structural and institutional asymmetries between the two countries. Singapore is a high-income, service-based economy with a globally integrated financial system and a strong trade surplus, while Bangladesh is an emerging economy reliant on low-cost manufacturing exports—particularly textiles—and remittance inflows (Tahrim et al., 2023). Despite the growing trade volume and labor migration between the two countries, the SGD-BDT exchange rate remains underexplored in academic literature, with limited empirical research addressing its macroeconomic, institutional, and geopolitical determinants. Over the past decade (2014–2024), the SGD-BDT exchange rate has experienced substantial volatility. The Taka has depreciated markedly against the Singapore Dollar, particularly after 2021, driven by persistent trade deficits, rising inflation, and foreign reserve depletion in Bangladesh (Islam, 2024). Concurrently, Singapore has maintained macroeconomic stability, underpinned by a robust export sector, disciplined monetary governance, and low inflation. Global shocks such as the COVID-19 pandemic and the Russia-Ukraine war have further amplified disparities in inflationary pressures and currency stability between the two countries. These real-world developments underscore the importance of understanding how macroeconomic and geopolitical factors interact to shape exchange rate movements in an asymmetrical bilateral context.

Previous studies have analyzed exchange rate determinants using various bilateral cases, often emphasizing macroeconomic indicators such as inflation, GDP growth, interest rates, and trade balances (Gona & Sahoo, 2020; Hillebrand et al., 2023; Tajdini et al., 2023). While informative, these analyses tend to treat exchange rate behavior as a function of purely economic fundamentals, often neglecting the role of institutional quality and political governance. Moreover, few studies explicitly focus on the SGD-BDT pair, despite increasing trade ties and labor remittance flows between the two nations. Research by Kim and Park (2020) and Ogbonna and Ichoku (2023) has shown that interest rate differentials and stock market indicators can significantly predict nominal exchange rate fluctuations. However, these studies generally overlook the asymmetric responses of the trade balance and the moderating effects of political instability or governance failures—issues that are particularly salient for Bangladesh.

Theoretically, exchange rate dynamics are not only shaped by monetary and trade indicators but also by broader institutional and geopolitical conditions. For instance, Chang et al. (2022) demonstrate that economic policy uncertainty (EPU) exerts asymmetric effects on exchange rate behavior, using sophisticated models such as the double asymmetric threshold nonlinear ARDL. This finding is especially relevant for countries like Bangladesh, where policy inconsistency, political instability, and regulatory inefficiencies limit the effectiveness of traditional monetary tools. As Mourtas et al. (2023) emphasize, a stable exchange rate is vital for macroeconomic planning in fragile economies, especially those heavily dependent on external trade and capital inflows. In contrast, Singapore's exchange rate policy is anchored in an exchange-rate-centered monetary regime, rather than conventional interest rate targeting. This regime provides a degree of flexibility to respond to external shocks while maintaining nominal exchange rate stability (Zhou & Feng, 2023). Supported by strong institutions, technocratic governance, and a credible monetary authority, Singapore has been able to maintain investor confidence and manage inflation effectively even during periods of global turbulence (Fuda, 2025; Gergun, 2022; Androniceanu et al., 2022; Morgenbesser, 2017). Meanwhile, Bangladesh faces persistent political and institutional challenges. The erosion of democratic norms and the rise of authoritarian governance have constrained fiscal accountability and weakened regulatory capacity (Riaz, 2021). These systemic weaknesses have had direct implications for economic performance, including disruptions to export-oriented sectors and ineffective monetary policy transmission (Hassan & Nazneen, 2017). The geopolitical impact of global events, such as the Russia-Ukraine war, has further exposed Bangladesh to supply-side inflationary shocks, exacerbating the Taka's depreciation and increasing the cost of living (Markus, 2022).

This study aims to fill a significant research gap by analyzing the dynamics of the SGD-BDT exchange rate from both economic and geopolitical perspectives. It examines how macroeconomic fundamentals—such as inflation, GDP growth, interest rates, and trade balances—interact with institutional quality and external shocks to influence currency movements between two structurally divergent economies. By integrating both quantitative economic indicators and qualitative governance variables, the study provides a more holistic understanding of exchange rate behavior in a dual-economy context. The urgency of this research lies in its relevance to policymakers, investors, and financial analysts navigating volatile exchange rate environments in emerging markets. As currency instability continues to pose challenges for developing economies, especially in South Asia, a deeper understanding of exchange rate dynamics can inform more resilient monetary and fiscal strategies.

## 2. Methods

This study adopts a descriptive statistical approach to examine the long-term trends and underlying macroeconomic patterns influencing the exchange rate dynamics between the Singapore Dollar (SGD) and the Bangladeshi Taka (BDT) over the period 2014–2024. Rather than emphasizing causal inference, the research is structured to provide an empirical and visual mapping of how key economic indicators—namely GDP growth, inflation, long-term interest rates, and trade balances—correlate with observed fluctuations in the bilateral exchange rate. This approach aims to uncover systematic patterns and anomalies that can offer valuable insights to policymakers, economists, and market participants operating across the Singapore-Bangladesh economic corridor.

To capture the full spectrum of macroeconomic and exchange rate dynamics, the study relies on secondary data obtained from credible and authoritative sources. Monthly exchange rate data for the SGD/BDT, along with annual data on macroeconomic indicators, were sourced from the World Bank, International Monetary Fund (IMF), the Monetary Authority of Singapore (MAS), Bangladesh Bank, and respective national statistics agencies.

To learn more about how exchange rates are determined and what influences SGD-BDT exchange rate swings, a comprehensive review of academic literature, research papers, and studies from reliable sources was conducted. Trusted primary sources, including central banks, governments, and financial institutions, as well as secondary sources, including scholarly journals, international organizations, and economic websites, provided information on macroeconomic indicators, monetary policies, trade relations, geopolitical developments, and market sentiment.

**Tabel 1. Annual GDP Growth (%) for Bangladesh and Singapore (2014–2023)**

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bangladesh	6.1 %	6.6 %	7.1 %	7.3 %	7.9 %	8.2 %	3.5 %	5.0 %	6.4 %	6.7 %
Singapore	4.8 %	3.9 %	3.0 %	3.6 %	4.5 %	3.5 %	-3.9 %	9.7 %	3.8 %	1.1 %

Source: IMF, World Bank, Macrotrends

Table 1 presents the annual GDP growth rates of Bangladesh and Singapore from 2014 to 2023. The data reflect significant contrasts in economic performance and resilience between the two countries, shaped by differing structural and policy environments. Bangladesh consistently recorded robust GDP growth throughout the period, peaking at 8.2% in 2019. This growth trajectory was driven by strong manufacturing exports, domestic consumption, and infrastructure investments. However, the COVID-19 pandemic in 2020 caused a sharp decline to 3.5%, followed by a moderate recovery reaching 6.7% by 2023. In contrast, Singapore's GDP growth was relatively moderate and more volatile. Between 2014 and 2019, growth ranged between 3.0% and 4.8%. The economy experienced a steep contraction of -3.9% in 2020 due to its high exposure to global trade disruptions. A strong rebound followed in 2021 with 9.7% growth, reflecting effective pandemic management and global trade recovery. However, growth slowed again to 1.1% in 2023 amid global economic uncertainties.

## 2.2 Analytical Techniques

The data were processed using descriptive time-series techniques. All indicators were normalized using an index base year (2014 = 100) to enable meaningful cross-variable comparisons. Graphical tools such as line charts and overlay plots were employed to visualize the co-movement of macroeconomic indicators and the SGD-BDT exchange rate across time. Additionally, Pearson correlation analysis was performed to assess the strength and direction of linear relationships between the macroeconomic variables and exchange rate movements. While not intended to establish causality, this statistical mapping helps identify which indicators exhibit stronger empirical associations with exchange rate fluctuations.

## 2.3 Contextual Integration

To contextualize the statistical trends, a qualitative institutional and political review was conducted focusing on key developments such as monetary policy shifts, election cycles, external shocks (e.g., the Russia-Ukraine war), and changes in trade policies. These non-economic factors were examined to interpret instances of exchange rate volatility that deviate from macroeconomic trends. The integrated methodology thus combines empirical macroeconomic mapping with qualitative insights from institutional and policy analysis to provide a holistic understanding of SGD-BDT exchange rate dynamics over the past decade.

## 3. Results

The study explores important facets of the dynamics of the Singapore Dollar (SGD) and Bangladeshi Taka (BDT) exchange rates by analyzing numerous economic and non-economic factors that impact these movements. In addition to other contributing factors, it looks at trade relations, monetary policies, market emotions, geopolitical developments, and macroeconomic data. Finding trends and important factors influencing variations, the study focuses on exchange rate trends during the previous ten years. It also assesses how the bilateral exchange rate affects trade, investment, and economic ties between Bangladesh and Singapore. It offers valuable information to anyone involved in these bilateral activities, including firms, investors, and policymakers.

### Exchange Rate



**Figure 1: SGD to BDT exchange rate from 2014 to 2024**

Figure 1, illustrates the 10-year exchange rate trend between the Singapore Dollar (SGD) and the Bangladeshi Taka (BDT), covering the period from April 2014 to April 2024. Overall, the SGD appreciated significantly against the BDT, with a 10-year increase of approximately 30.37%. The exchange rate rose from around 61 BDT per SGD in early 2014 to 80.5516 BDT per SGD in April 2024, peaking at 83.3351. Between 2014 and mid-2021, the exchange rate remained relatively stable, fluctuating within a narrow band of approximately 60–65 BDT. This indicates a period of relative macroeconomic stability or offsetting monetary pressures between the two countries. However, starting from late 2021, there was a sharp upward movement in the exchange rate, signaling a strong depreciation of the BDT relative to the SGD. This dramatic depreciation coincides with global disruptions such as post-COVID-19 inflationary pressures, supply chain issues, and increased trade deficits in Bangladesh. From mid-2022 onward, the rate plateaued above 80 BDT per SGD, suggesting a new equilibrium had been reached following the shock. The steep rise implies

growing economic divergence and highlights Bangladesh's mounting inflation, trade imbalances, or foreign reserve pressures compared to Singapore's monetary strength.

### Inflation Rate

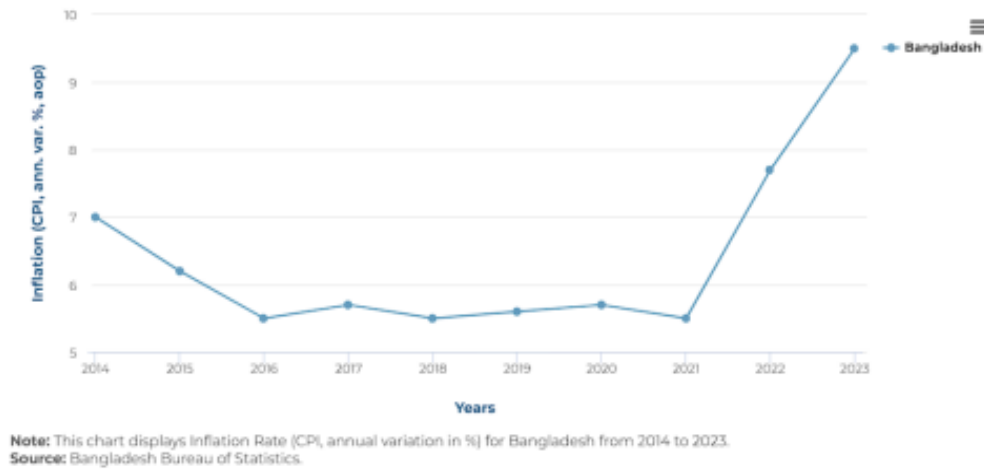


Figure 2: Inflation rate of Bangladesh from 2014 to 2023

Figure 2, shows the annual inflation rate in Bangladesh, based on Consumer Price Index (CPI) variation, from 2014 to 2023. During the period from 2014 to 2021, inflation in Bangladesh remained relatively stable, fluctuating between approximately 5.4% and 7.0%. The highest point in this early period was in 2014, with an inflation rate of around 7%, followed by a gradual decline and stable trend near 5.5% to 6% between 2016 and 2021. A significant change occurred beginning in 2022, when the inflation rate surged dramatically to above 8.5%, and further spiked to nearly 10% in 2023. This sharp increase suggests the presence of strong inflationary pressures, likely driven by global supply chain disruptions, currency depreciation, and rising import costs—particularly for food and energy. The effects of the Russia-Ukraine war and post-COVID recovery dynamics may also have contributed to this inflation surge.



Figure 3: Inflation rate of Singapore from 2014 to 2023

Figure 3, presents Singapore's annual inflation rate, measured by the Consumer Price Index (CPI), from 2014 to 2023. The data, sourced from Statistics Singapore, reveals a generally low and stable inflation environment during the earlier part of the period, followed by a sharp increase in the post-pandemic years. Between 2014 and 2020, inflation in Singapore remained modest, mostly fluctuating between -0.5% and 1.5%. Notably, the country experienced very low inflation or slight deflation in 2015, 2016, and 2020, reflecting subdued domestic demand and global commodity prices during those years. From 2017 to 2019, inflation hovered around 0.5% to 1.0%, indicating a

stable price environment in line with Singapore’s monetary policy objectives. However, in 2021, inflation began to rise significantly, reaching approximately 2.5%, then peaking at around 6% in 2022. This surge coincides with global economic recovery, supply chain disruptions, and a sharp rise in energy and food prices. Although inflation eased slightly in 2023, it remained elevated compared to the pre-pandemic decade. This trend highlights Singapore’s sensitivity to external price shocks due to its open economy, while also reflecting effective domestic policy responses that kept inflation in check before the global disruptions of 2021–2022.

**Interest Rate**

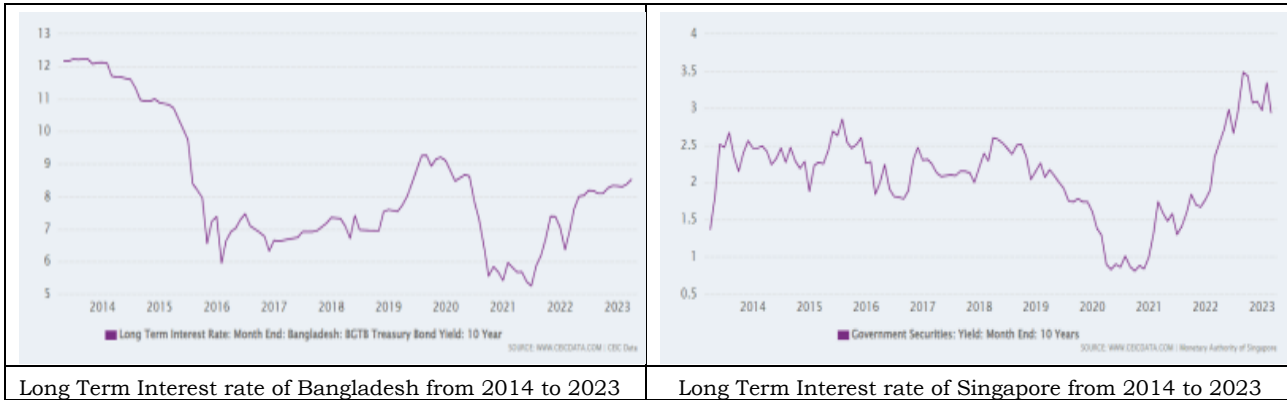


Figure 4. Long Term Interest Rate of Bangladesh and Singapore from 2014 - 2023

Figure 4. presents the long-term interest rate trend in Bangladesh, specifically the 10-year Bangladesh Government Treasury Bond (BGTB) yield, from 2014 to 2023. The data illustrates the fluctuations in the cost of long-term borrowing by the government and reflects broader monetary policy and macroeconomic conditions over the decade. In 2014, the 10-year bond yield was relatively high, around 12%, indicating a higher risk premium and borrowing cost for the government. However, between 2014 and 2016, the yield showed a significant downward trend, dropping to below 8%. This decline may be attributed to increased investor confidence, reduced inflation expectations, or accommodative monetary policy that led to lower borrowing costs. From 2016 to 2018, the yield remained relatively stable between 7% and 8%, suggesting a period of monetary stability. However, starting in 2019, the bond yield began to rise again, peaking near 9.5% in early 2020. This increase could reflect tightening monetary conditions, rising inflation expectations, or increased government borrowing needs.

The most notable movement occurred in 2020, during the onset of the COVID-19 pandemic. The bond yield dropped sharply to around 6%, indicating a possible policy response aimed at economic stimulus and easing financial conditions to combat the downturn. This is consistent with global trends where central banks lowered interest rates to stimulate demand during the pandemic. However, from 2021 onward, the yield began to rise again, reaching above 9% by the end of 2023. This upward trend aligns with the return of inflationary pressures and higher fiscal deficits in Bangladesh. The sharp increase in inflation during 2022–2023, as shown in other macroeconomic indicators, likely contributed to rising interest rates as the central bank attempted to restore price stability and manage public debt sustainability.

Overall, the chart reveals a U-shaped trend over the decade: high yields in 2014–2015, a decline through 2016–2018, a temporary rise and dip around the COVID-19 period, and a renewed increase in the post-pandemic years. This pattern underscores how bond yields are influenced by a complex interplay of monetary policy, inflation expectations, fiscal position, and external economic shocks. For investors, the rising yields in recent years signal growing concerns over inflation and government borrowing, while for policymakers, they highlight the need for coordinated fiscal and monetary strategies to stabilize the macroeconomic environment.

## Trade Balance

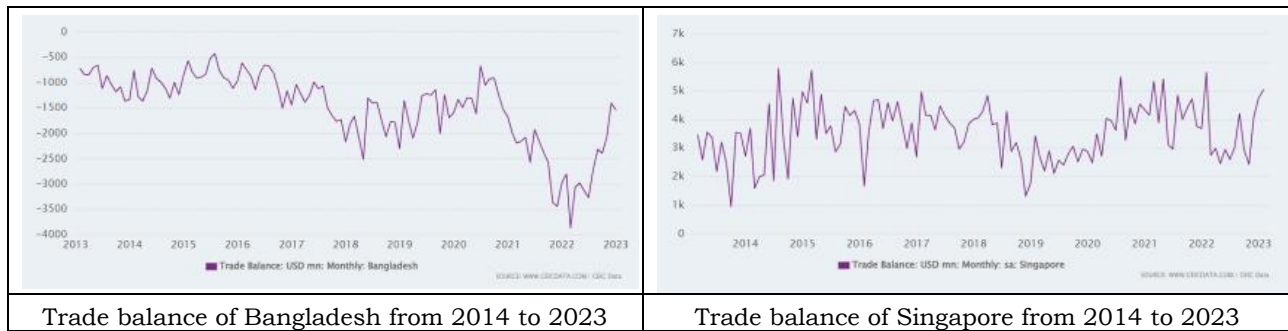


Figure 5. Trade Balance of Bangladesh and Singapore from 2014 - 2023

Figure 5, presents that between 2014 and 2023, Bangladesh consistently recorded a trade deficit, meaning that the value of imports exceeded exports. In 2014, the trade deficit stood at approximately USD 16.3 billion, with exports around USD 31.7 billion and imports at USD 48 billion. This deficit persisted and even worsened throughout the decade due to increasing dependency on imports—particularly capital goods, industrial raw materials, energy, and consumer goods. Although Bangladesh’s exports, largely driven by the ready-made garments sector, showed growth, the pace was not sufficient to keep up with the rising import bill. Global shocks such as the COVID-19 pandemic and commodity price surges during 2022–2023 (due to the Russia–Ukraine war) further widened the trade gap, as the Bangladeshi Taka weakened and import costs rose. In contrast, Singapore consistently maintained a substantial trade surplus during the same period. In 2015 alone, Singapore reported a surplus of over USD 39 billion, with this figure increasing steadily to peak at approximately USD 192 billion in 2022. As a global trading hub and transshipment center, Singapore’s exports significantly exceeded its imports. Key export sectors include electronics, semiconductors, chemicals, and high-value services such as finance and logistics. Singapore's efficient infrastructure, liberal trade policies, and strategic location in Southeast Asia contributed to its robust trade performance. Even during the COVID-19 crisis in 2020, Singapore sustained its surplus, boosted by exports of medical equipment and digital technology products.

The comparison between Bangladesh and Singapore reveals two contrasting economic structures. Bangladesh struggles with a narrow export base and broad import dependency, while Singapore demonstrates strong resilience with a highly diversified and value-added export portfolio. These trade dynamics impact broader macroeconomic stability: Bangladesh’s persistent deficits contribute to currency depreciation (BDT), inflationary pressures, and a drain on foreign reserves. In contrast, Singapore’s consistent surpluses strengthen its currency (SGD), help stabilize domestic prices, and enhance investor confidence. In the long run, Bangladesh needs structural reforms to diversify its export base, reduce reliance on imports, and accelerate competitive industrialization. A more balanced trade position would enhance economic resilience and macroeconomic stability, especially in the face of future global shocks.

## 4. Discussion

Political stability and efficient governance are important factors in boosting investor confidence, attracting foreign investment, and fortifying a country's currency. Political stability and effective governance are intertwined pillars that cultivate trust, support sustainable development, and strengthen institutional resilience across nations (Androniceanu et al., 2022). On the other hand, capital flight and currency devaluation are frequently the outcomes of political instability, uncertainty, or geopolitical conflicts. Economic growth is significantly influenced by exchange rate fluctuations, which affect trade competitiveness, investment decisions, and macroeconomic stability (Şit et al., 2024). Exchange rates are influenced by a complex interplay of economic and political forces (Hillebrand et al., 2023). Exchange rate fluctuations have far-reaching effects on a country's economy, impacting international investment portfolios, export and import competitiveness, the value of international reserves, debt payment values in currency, and tourism

costs (Gona & Sahoo, 2020). This long-standing split has often resulted in political disputes, demonstrations, and disturbances. Disputes over election procedures and results have further exacerbated political instability, and accusations of malfeasance, violence, and scandals have frequently clouded Bangladeshi elections. Political instability, driven by elite conflicts and partisan violence, undermines institutional trust and deters sustainable economic growth in Bangladesh (Hassan & Nazneen, 2017). The nation's economy has suffered due to this instability, weakening the Bangladeshi Taka (BDT). Bangladesh's economic growth remains constrained by structural inequalities, poor governance, and inadequate local development strategies, and disrupted industrial productivity (Erfan & Baized, 2024). Robust and transparent policies that build economic confidence can mitigate currency volatility and financial instability (Arbetman, 1995). The economic growth of Bangladesh is significantly influenced by monetary policy, particularly through its effects on important mediating factors like consumption, investment, government net expenditure, and net exports.

On the other hand, Singapore is well known for its extraordinary political stability, which has played a significant role in its social and economic advancement. Singapore enjoys economic stability through consistent governance and effective development (Morgenbesser, 2017). The People's Action Party (PAP) has always held political power since the country's independence in 1965, guaranteeing consistency in governance and policies. This has been accomplished, in large part, by strict regulations on political activity and tight control over opposition parties. Singapore maintains economic and political stability through strong financial regulation. This structure has been designed to hinder political change and maintain the status quo (Lee & Abdullah, 2022). Singapore's political stability has fostered a business-friendly climate that draws foreign investment, encourages innovation, and promotes economic expansion. Singapore's leadership has prioritized pragmatism, long-term planning, and proactive problem-solving under visionary leaders like Lee Kuan Yew. Compared to weaker currencies, the Singapore Dollar has strengthened due to stable governance (Fuda, 2025). Non-economic factors impact exchange rates by influencing market sentiment and risk perceptions (Maurya et al., 2025).

Singapore demonstrates inflation targeting viability through exchange rate management and macroeconomic policy flexibility (Gergun, 2022). Short-term currency changes result from the markets' fast reactions to new information. Currencies from countries with higher interest rates, low international reserves and large fiscal deficits are more vulnerable to major losses when global financial conditions tighten (Eguren-Martin & Sokol, 2022). The COVID-19 outbreak caused significant instability in the world's currency markets (Pak et al., 2020; Tan et al., 2022). The pandemic has led to an increase in economic policy, prompting investigations into cryptocurrencies as a potential hedge and safe haven (Aftab et al., 2023). During this tumultuous time, investors flocked to safe-haven currencies like the US and Singapore dollars. While currencies from emerging nations like Bangladesh, which were more badly hit by the crisis, saw devaluation, these currencies saw a gain in value.

These challenges have heightened trade imbalances, indirectly influencing the SGD/BDT exchange rate. Understanding these non-economic factors is critical for analyzing exchange rate movements and mitigating currency risks. The importance of country risk in predicting currency risk and affecting carry trade returns (Della Corte et al., 2022). Singapore's monetary policy distinguishes itself from the norm by prioritizing exchange rate management over interest rate manipulation, a decision predicated on the nation's limited economic scale and substantial integration into global trade and capital markets. This approach helps reduce the impact of external shocks and maintain competitiveness in global markets, which is critical for trade-dependent economies (Anh et al., 2021; Woo, 2021). Singapore's monetary policy is part of a broader hedging strategy between major global powers (Chang, 2022; Kao, 2023). While economic fundamentals largely dictate long-term exchange rate trends, non-economic events can introduce short-term volatility and unpredictability into currency markets (Tajdini et al., 2023).

The conflict between Russia and Ukraine also affected the dynamics of the world economy, especially because both nations are major exporters of natural gas, oil, and agricultural goods. Countries around the world are experiencing rising inflation and economic instability as a result of

the conflict (Liadze et al., 2023; Rose et al., 2023). Commodity prices rose due to supply chain disruptions and geopolitical concerns, which hurt the currencies of importing countries like Bangladesh. As a result, the BDT experienced a substantial decline in value. Since Singapore is primarily focused on exporting these commodities, the SGD was less affected by the conflict. Recent Red Sea battles have also hampered important maritime routes, significantly impacting nations like Bangladesh and Singapore, which depend heavily on trade. Disruptions to maritime routes can cause delays and shifts in coastal port activity, causing knock-on effects that disrupt global supply chains long after the initial blockage has cleared (Pratson, 2023). Delivery of commodities and raw materials has been delayed due to these disruptions, which has disrupted the supply chain and raised production costs and prices (Markus, 2022).

## 5. Conclusion

This study provides a comprehensive analysis of the bilateral exchange rate dynamics between the Singapore Dollar (SGD) and the Bangladeshi Taka (BDT) over the past decade, uncovering the interplay between macroeconomic indicators and institutional factors. While traditional determinants such as GDP growth, inflation, interest rates, and trade balances continue to shape long-term currency trends, the findings underscore the disproportionate influence of structural trade imbalances, inflation differentials, and political instability on the persistent depreciation of the BDT relative to the SGD. The contrasting trajectories of Singapore and Bangladesh reflect not only differences in economic fundamentals but also divergence in governance, institutional resilience, and macroeconomic policy credibility. Singapore's stable political environment, disciplined monetary regime, and consistent trade surplus have anchored its currency and attracted investor confidence. Meanwhile, Bangladesh's economic growth has been undermined by volatile inflation, chronic trade deficits, and governance fragility—factors that compound currency depreciation and macroeconomic vulnerabilities.

This research implies that exchange rate stabilization in developing economies like Bangladesh requires more than short-term monetary interventions. Structural reforms aimed at diversifying exports, strengthening institutional governance, and managing inflation are essential. Policymakers must also account for non-economic disruptors—such as geopolitical conflicts, global supply chain shocks, and investor sentiment—which increasingly influence short-term exchange rate volatility. For financial market participants, understanding these multidimensional drivers is crucial to developing more resilient investment strategies and currency risk management frameworks. Future research may expand this analysis by incorporating forecasting models and exploring the impact of digital financial integration on exchange rate regimes across emerging economies.

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