Note: Numbers marked with one and two asterick denotes 1% and 5% significance level respectively. Cointeq = LogTB –(-0.6735*LogRGDPd + 0.8660*LogRGDPf + 2.9179*LogNER -2.0245*LogRER + 0.6191*LogToT + 0.6829*Shock -3.1926*INT + 0.0492*Vol – 11.4382)

The results from the trade balance model indicate that in the short-run, trade balance of the previous period (TB), the U.S real gross domestic product (RGDPf), real gross domestic product (Liberia) (RGDPd), nominal exchange rate (NER), real exchange rate (RER) and external shock (shock) are all significant in explaining changes in the trade balance of Liberia. The coefficient term of the Trade balance model, ECM (Cointeq (-1)) of -0.849, describes a quick adjustment process of approximately 84 percent of the disequilibria of the previous year's shock adjust back to the long-run equilibrium in the current year. Domestic GDP, nominal exchange rate (NER) and foreign GDP are positively related to trade balance (TB) with statistical significant values. However, real exchange rate (RER), terms of trade (ToT) and external shock (shock) are inversely related to trade balance.