



KATEDRA HOSPODÁRSKEJ POLITIKY



CENTRUM PRE EKONÓMIU A FINANČIE



NÁRODNÁ BANKA SLOVENSKA
EUROSYSTEM



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Real Exchange Rate Adjustment In and Out of the Euro Area

Abstract

It is often suggested that fixing nominal exchange rates unduly inhibits the efficient adjustment of real exchange rates. Recently, this has been seen as a key failure of the Eurozone. This paper presents some theory and evidence which throws doubt on this conclusion. Our empirical evidence suggests that real exchange rate movement within the Eurozone was at least as compatible with efficient adjustment as the behavior of real exchange rates for the floating rate countries outside the Eurozone. This interpretation is consistent with a model in which nominal exchange rate movements give rise to persistent deviations from the law of one price in traded goods.

Venue: Faculty of Mathematics, Physics and Informatics, Mlynská dolina, lecture room C

Date: 20. June 2012

Program: 15:00 Martin Berka: Real Exchange Rate Adjustment In and Out of the Euro Area
16:30 coffee