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Establishing the official exchange rate

Technical box extracted from:

Inflation Report no.2, May 2014 [1]

Depending on currency convertibility and regulations in force, the following exchange rates may be identified: market exchange rate and official exchange rate.

Market exchange rate is determined on the foreign exchange market after the confrontation of supply and demand in foreign exchange, it is a free exchange rate that reflects market conditions and may vary throughout the day. It is displayed by financial intermediaries.

Official exchange rate is determined by the central bank and may be closer or further to the exchange rate formed on the foreign exchange market. The exchange rate is used for various settlement operations, evaluations, statistics, reports.

To determine the official exchange rate of MDL against USD, considered as reference currency in the Republic of Moldova, it is used the arithmetic average of the average purchase and sale exchange rate weighted to the spot transactions volume conducted on the foreign exchange market of the Republic of Moldova between 12.30 PM of the previous working day and 12.30 PM of the reporting day.

Example: suppose that the central bank get the following simplified summary of sale and purchase transactions, which were made on the foreign exchange market in the last 24 hours:

Bank	Volume of transactions carried out		Exchange rate of the transaction carried out	
	Purchase	Sale	Purchase	Sale
1	30000.00	20000.00	13.4600	13.6000
2	70000.00	15000.00	13.4400	13.5800
3	18000.00	80000.00	13.5801	13.4400

Official exchange rate of Moldovan Leu against the U.S. dollar will be determined by the following formula:

$$Curs \quad oficial = \frac{\sum_{i=1}^{n} q_i * cs_i}{\sum_{i=1}^{n} q_i} =$$

$$= \frac{30000*13.4600+20.000*13.6000+70000*13.4400+15000*13.5800}{30000+20000+70000+15000+18000+80000} +$$

$$+ \frac{18000*13.5801+80000*13.4400}{30000+20000+70000+15000+18000+80000} = 13.4761$$

Official exchange rate of Moldovan Leu against another currency is determined by multiplying the official exchange rate against the U.S. dollar with the cross exchange rate of the respective foreign currency against the U.S. dollar established on the international market at 2:00 PM, Chisinau time.

The basic source used for information on cross exchange rate of foreign currencies against the U.S. dollar as to establish the official exchange rate of Moldovan Leu against these currencies is the information system Bloomberg, Reuters is the alternative system. In case the exchange rates on the international market are not available, the exchange rates available from other reliable sources (for example, the exchange rates set by central banks of the respective countries, fixing exchange rates set at the exchange in the respective states, etc.) are used to calculate the official exchange rate of Moldovan Leu.

Official exchange rate of Moldovan Leu against foreign currencies is set by the National Bank of Moldova on each working day and is available from the next working day. The official exchange rate during weekends (holidays) is the same as in the previous working day.

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Sursa URL:
https://www.bnm.md/ro/node/52510

Legături conexe:

[1] https://www.bnm.md/en/content/inflation-report-no2-may-2014 [2] https://www.bnm.md/ro/search?hashtags[0]=exchange rate [3] https://www.bnm.md/ro/search?hashtags[0]=Rate [4] https://www.bnm.md/ro/search?hashtags[0]=official exchange rate [5] https://www.bnm.md/ro/search?hashtags[0]=market rate [6] https://www.bnm.md/ro/search?hashtags[0]=market exchange rate