

**Exchange rate** is the price of one country's currency in relation to another.

Exchange rates are classified by the [International Monetary Fund \(IMF\)](#) into three broad categories, reflecting the role of the authorities in determining the exchange rates and/or the multiplicity of exchange rates in a country:

1. **market rate** : is used to describe exchange rates set largely by market forces
2. **official rate** : is used to describe the exchange rate determined by authorities
3. for countries maintaining multiple exchange arrangements, the rates may be labelled **principle rate** , **secondary rate** and **tertiary rate** .

A **nominal effective exchange rate** is the exchange rate of the domestic currency vis-à-vis (as compared with) other currencies weighted by their share in either the country's international trade or payments.

**Real effective exchange rates** take account of price level differences between trading partners. Movements in real effective exchange rates give an indication of the evolution of a country's aggregate (total) external price competitiveness.

## Related concepts

- [Convergence criteria](#)

## Statistical data

- [Exchange rates and interest rates](#)

## Source

- [OECD glossary of statistical terms](#)