

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](#)