

EXCHANGE RATE AND THE REAL ECONOMY: TYPES OF MANAGEMENT AND MECHANISMS OF TRANSMISSION

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ABSTRACT

The dispute over the exchange rate and its relation with the economic development has generated a thorny debate about using this macroeconomic variable as a key driver to ensure a sustainable level of development. Another controversy comes from questioning the direction of this causality: is it from exchange rate to the economic development, and here the variable is one of the important criteria to achieve accepted levels of progress or is the level of expansion and growth that gives rise to a strong, healthy and stable exchange rate? This paper tries to explain the mechanism of the exchange rate management and the transmission processes between the exchange rate and the real economy.

Keywords: Exchange rate, management, transmission.