



Exchange Rate Pass-through in Fiji: 1982-2009 Results of a Preliminary Study

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Abstract

This paper investigates the effect of changes in exchange rate on consumer price level, in Fiji, known as exchange rate pass-through during a thirty year period (1982-2009). Specifically, three time periods are focused on: the pre-coup years (1982-1986); post coup years (1987-2009); and full time period (1982-2009). Monthly data on consumer price index, nominal exchange rate, monetary aggregate and interest rate are utilized. The study results show that the degree of exchange rate pass-through to domestic price was relatively low during the entire sample period at 0.183. It was 0.453 and 0.373 for the pre and post coups periods. Regardless of the sample periods under study, the monetary aggregate, as a variable plays a pivotal in stabilizing the price level.

Speaker:

T.K. Jayaraman , PhD, is an Associate Professor in the School of Economics, the University of the South Pacific(USP). He earned the Master's and Ph.D degrees from the University of Hawaii as an East West Center grantee and a Fulbright Fellow. He was a Senior Economist with the Manila-based Asian Development Bank (ADB) for more than 15 years. Before joining USP in 1998, he was a post-doctoral research fellow at the Macmillan Brown Centre for Pacific Studies, the University of Canterbury, Christchurch, New Zealand. His recent publications include Monetary Issues in the South Pacific Island Countries published by USP Book Centre and Financial Sector Development and Private Investment in Vanuatu, published by Macmillan Brown Centre for Pacific Studies, University of Canterbury, New Zealand. His current areas of research are aid effectiveness in Pacific island countries and regional integration towards single economic space in the South Pacific.