

Calculation of exchange rates

Exchange rates are set and published by Banca d'Italia on every operating day of the TARGET calendar, shortly after the publication of the euro reference exchange rates by the ECB at 16:00 (CET). The exchange rates published are those against the euro and the US dollar for all the currencies with an ISO code and legal tender status, other than the currencies for which the exchange rates are recorded daily by the ECB, as well as the reference rates for the Special Drawing Rights of the International Monetary Fund. The underlying market liquidity varies significantly between the currencies, as well as at different times of the day; it is calculated on the basis of the quotations of the previous 24 hours. The data used to calculate exchange rates are not obtained by requesting information from a panel of reporting entities or by conducting surveys. A computer program is used to record and publish the exchange rates, automatically processing market data. The program calculates the exchange rate for publication as the arithmetic mean of data from the relevant sources for each currency; for some currencies, the exchange rates identified are those published by the respective central banks. The program also carries out a set of reliability checks to detect any deviations with respect to data recorded on the previous day and any inconsistencies between the sources used. Based on these checks, certain data may be excluded in setting the exchange rates. Banca d'Italia closely follows the foreign exchange markets and developments in the exchange rate systems applied in the various countries. For this purpose, the regular publications of other institutions are used for reference. The setting and publication of any exchange rate may be suspended as a result of external factors, such as changes in market structure or the loss of data quality, in order to safeguard the integrity and reliability of the information made available to the public. In this case, the market and the data are periodically assessed with a view to re-introducing the exchange rate in question. In certain cases, the Bank may rectify and re-issue a previously published exchange rate following an internal review process. The Bank takes all feedback from the public extremely seriously; it is committed to providing a satisfactory response and holds on file all related documentation.