

## DEFINITION

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### Definition

The observed dollar corresponds to a weighted arithmetic mean (by transaction amounts) of spot purchases and sales of the US dollar against the Chilean peso, conducted in the Formal Exchange Market (FEM) during the immediately preceding bank business day.

## SOURCES OF INFORMATION

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### Reporting forms

Source name: Chapter I<sup>1</sup> of the Manual of Procedures and Information Forms of the Compendium of Foreign Exchange Regulations of the Central Bank of Chile (CBC).

Reporting Institutions: Entities belonging to the FEM, which is comprised of banks and other institutions authorized by the CBC according to Chapter III<sup>2</sup> of the Compendium of Foreign Exchange Regulations such as brokers and securities dealers.

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<sup>1</sup> Capítulo I del Manual de Procedimientos y Formularios del Compendio de Normas de Cambios Internacionales.

<sup>2</sup> Capítulo III del Compendio de Normas de Cambios Internacionales

## NORMATIVE

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In accordance with the second paragraph of article 44 of the Basic Constitutional Act of the Central Bank of Chile (LOC) and section VII of Chapter I of the Compendium of Foreign Exchange Regulations, the CBC must publish the exchange rates of foreign currencies that are generally accepted in international markets on a daily basis. These exchange rates are based on transactions conducted in the FEM during the immediately preceding business day and, if applicable, on information obtained from international markets. Considering this, the CBC publishes the value of the Observed Dollar for each bank business day.

As per N° 7 of Chapter I of the Manual of Procedures and Information Forms of the Compendium of Foreign Exchange Regulations, the information source corresponds to all spot purchases and sales of the US dollar against the Chilean peso carried out until 4:00pm each business day and reported to the CBC by the entities of the FEM. The Observed Dollar is published in the Official Bulletin<sup>3</sup>.

It should be noted that the Observed Dollar is also one of the indexing systems authorized by the CBC to be used by banks and savings cooperatives on local currency credit operations as per N° 3 of Chapter II.B.3 of the Compendium of Financial Regulations and N° 9 of Article 35 of the LOC.

## METHODOLOGY

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### Treatment of basic information

#### Collection

Information on spot purchases and sales of the US dollar against the Chilean peso is sent by entities of the FEM to the CBC through its website on each banking business day.

#### Validation

The process ensures information consistency. Erroneous or missing values are identified and corrected by reporting institutions prior to the calculation process.

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<sup>3</sup> Diario Oficial

## Calculation

The Observed Dollar is calculated as a weighted arithmetic mean of the reported exchange rates with weights given by transaction amounts. Double counting of transactions between reporting entities is avoided by only considering one of the two reported records. Operations where the exchange rate is not explicitly negotiated the same day are excluded. Spot transactions associated with intervention programs of the CBC are also excluded from the calculation.

The published Observed Dollar is rounded to two decimal places.

## Revision

The published value is not subject to revision.

## Publication

Periodicity: Daily

In the *Diario Oficial* (Official Bulletin) on its effective date. It is additionally published as a non-official referential rate on the bank business day immediately preceding its effective date from 5:30pm on the Bank's website.

Publication lag: No lag

## ACCESS TO DATA

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### **Diario Oficial (*Official Bulletin*)**

Link: <http://www.diariooficial.interior.gob.cl/>

### **Statistics Database**

Link: <https://si3.bcentral.cl/Siete/en>

Chapter: Exchange Rates

### **Webpage**

Link: <https://www.bcentral.cl/en/areas/statistics/exchange-statistics/types-of-changes-and-parities>

## RELATED DOCUMENTS

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Compendium of Foreign Exchange Regulations, Central Bank of Chile.

Link: <https://www.bcentral.cl/en/news-and-publications/normative/summary-of-regulation-of-internationals-change>

Manual of the Compendium of Foreign Exchange Regulations, Central Bank of Chile.

Link: <https://www.bcentral.cl/en/news-and-publications/normative/summary-of-regulation-of-internationals-change>

Section: Manual de Procedimientos y Formularios

Constitutional Organic Act of the Central Bank of Chile.

Link: <https://repositoriodigital.bcentral.cl/xmlui/handle/20.500.12580/4000>