

# ASSESSING EXCHANGE RATE MISALIGNMENT IN NEW ZEALAND USING INDUSTRY TOTAL FACTOR PRODUCTIVITY

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This paper estimates how far away the real exchange rate has been, over the course of the last few decades, from the value implied by New Zealand's fundamentals. Estimates of industry-level total factor productivity (TFP) and price levels are constructed for New Zealand and a panel of 18 other economies. Using the constructed dataset, we assess the misalignment of the New Zealand dollar over a long term horizon.