

Abstract

Currency manipulation has been an increasingly infamous studied topic especially since the US accusation of Chinese currency manipulation in the summer of 2019. Such accusations raise the question as to what extent the Chinese RMB exchange rate might be considered misaligned. This paper seeks to identify grounds of the accusation of currency manipulation by applying the Behavioural Equilibrium Exchange Rate Model (BEER) to indicate possible misalignment. Annual data from 1980 to 2019 is employed for which this paper will emphasize on the period of 2005 to 2019. The utilised Johansen co-integration test and the Vector Error Correction Model (VECM) suggest a consistent undervaluation of the RMB exchange rate from 1980 to 2019. Such undervaluation ranges from -4.623% to -2.016% with a mean undervaluation from 2005 to 2019 of -2.464%.

JEL Classification	F12, F21, F23, H25, H71, H87
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rozmezí od -4,623% do -2,016% s průměrným podhodnocením od roku 2005 do roku 2019 ve výši -2,464%.