

# THE SPEED OF EXCHANGE RATE PASS-THROUGH

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**Barthélémy Bonadio**

University of Michigan

**Andreas M. Fischer**

Swiss National Bank

**Philip Sauré**

University of Mainz

## **Abstract**

On January 15, 2015, the Swiss National Bank discontinued its minimum exchange rate policy of one euro against 1.2 Swiss francs. This policy change resulted in a sharp, unanticipated, and permanent appreciation of the Swiss franc by more than 11% against the euro. We analyze the pass-through of this unusually clean exchange rate shock into import unit values at the daily frequency using Swiss transaction-level trade data. Our key findings are twofold. First, for goods invoiced in euros, the pass-through is immediate and complete. Second, for goods invoiced in Swiss francs, the pass-through is partial and exceptionally fast: beginning on the second working day after the exchange rate shock, the medium-run pass-through is reached after 12 working days. (JEL: F14, F31, F41)

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E-mail: bbonadio@umich.edu (Bonadio); andreas.fischer@snb.ch (Fischer); philip.sauré@uni-mainz.de (Sauré)