FORECASTING AND COMPARISON OF TUNISIAN DINAR PARITY USING A CONSTANT REAL EXCHANGE RATE RULE AND A FUNDAMENTAL EQUILIBRIUM EXCHANGE RATE MODEL.

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This paper calculates the multilateral equilibrium exchange rate of the Tunisian dinar, as well as the forward-looking parities dinar/dollar and dinar/euro. It also compares the observed values and the estimated values, since 1999, date of the entrance into effect of the euro. The estimated values are obtained from the real equilibrium exchange rates derived from two models. The first model is based on a constant real exchange rate rule. Whereas the second model supposes that the equilibrium real exchange rate changes through the time according to the fundamentals. The bilateral rate computed according to the purchasing power parity (PPP) that refers to the constant real exchange rate rule, shows that the dinar/euro parity is in line with the observed parity in 1999, then deviates from this parity, tending to depreciate “vis à vis” to the dollar and to the euro. After that date, the observed rates become undervalued compared to the PPP and more closer to the computed values according to the fundamentals.

Keywords : equilibrium real exchange rate, forward-looking parities, constant real exchange rate rule.

JEL classification : C12, C13, F31, F37, F47.