

# **New Evidence for Exchange Rate Pass-through: Disaggregated Trade Data from Local Ports**

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## **[Abstract]**

For the estimation of exchange rate pass-through (henceforth ERPT), except for some evidence based on firm-level data, even the most disaggregated level of national export data is still biased with aggregation over sub-regions within an exporting country. We investigate to what extent this aggregation within product category is biased by comparing ERPT estimates across local ports. We use monthly exports at the HS 9-digit level from January 1988 to December 2005 for five major Japanese ports. Using a panel data regression framework, we control for exporting industry and importing country. Statistical tests provide strong evidence that export prices are set at different levels across local ports and that they correspond differently with respect to fluctuations of exchange rates.

JEL classification code: F14, F31, F41.

Keywords: Exchange rate pass-through; Firm heterogeneity; Japanese trade; Port-level trade; Pricing-to-market.