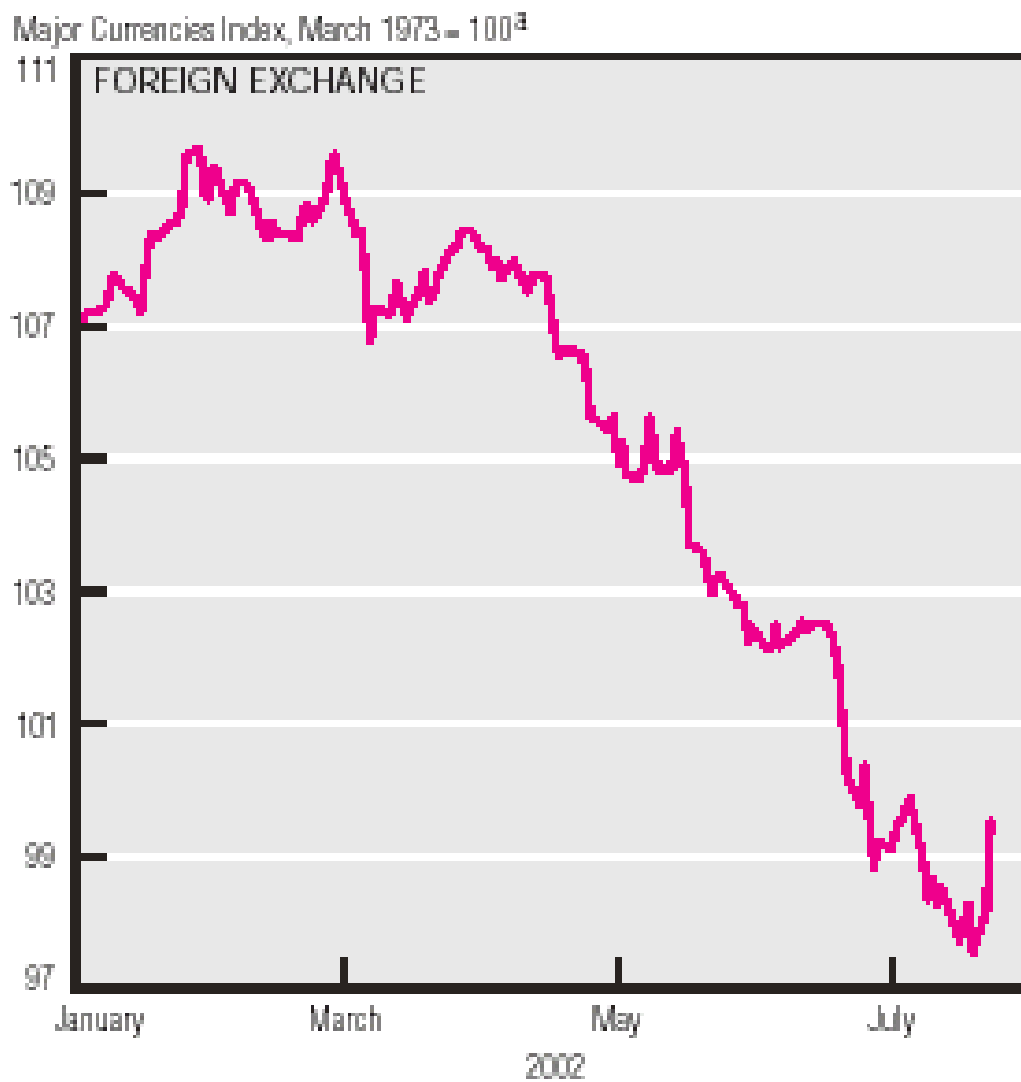
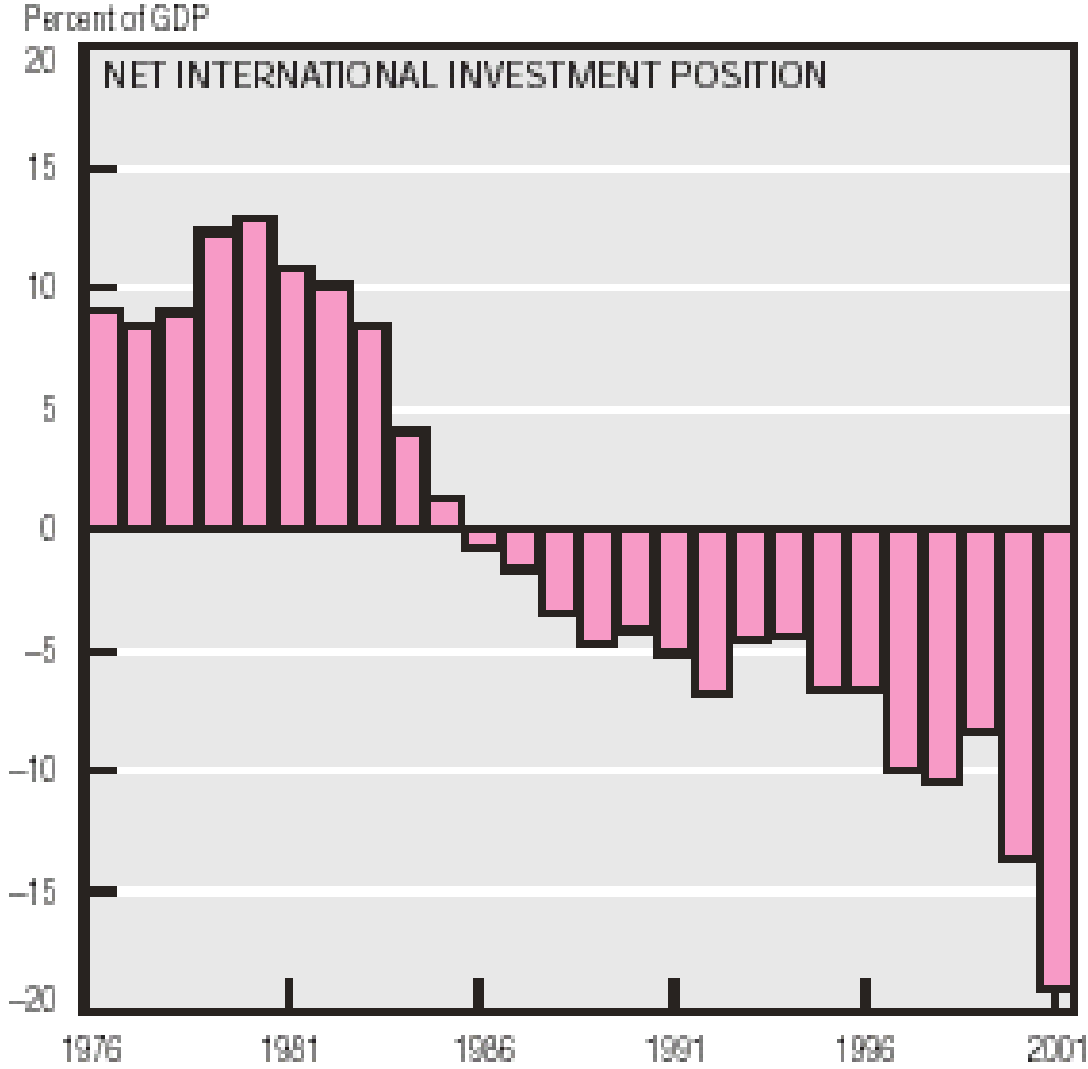


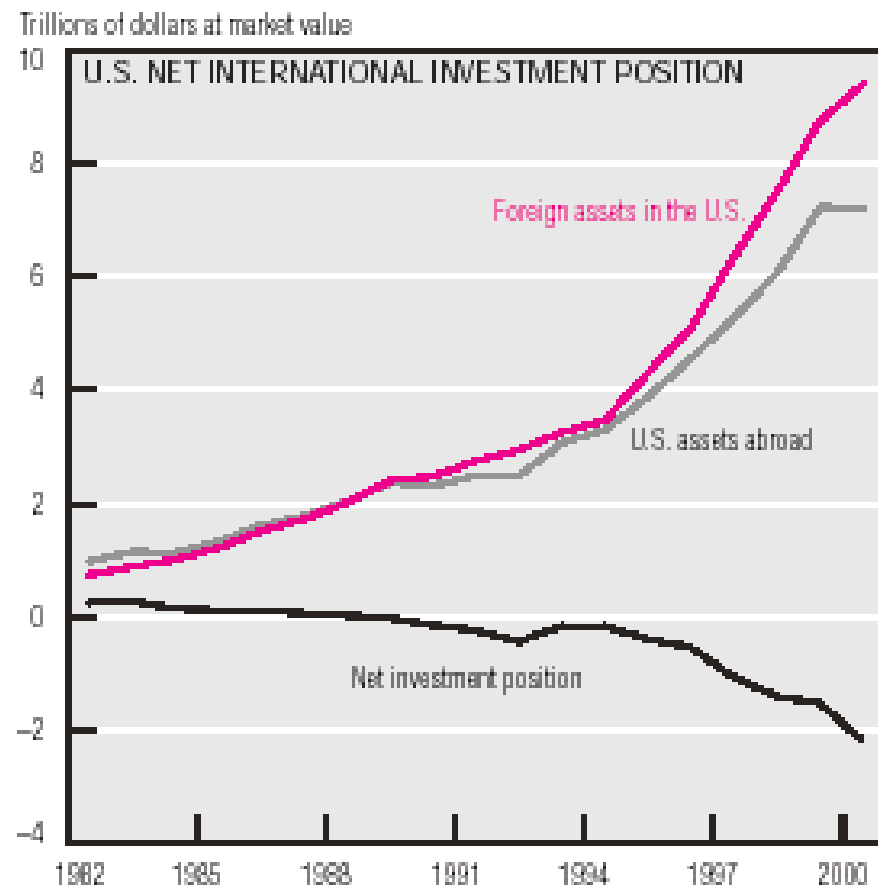
Value of the Dollar against Major Trading Partners, Canada, Euro area, Japan, UK, Switzerland, Australia, and Sweden



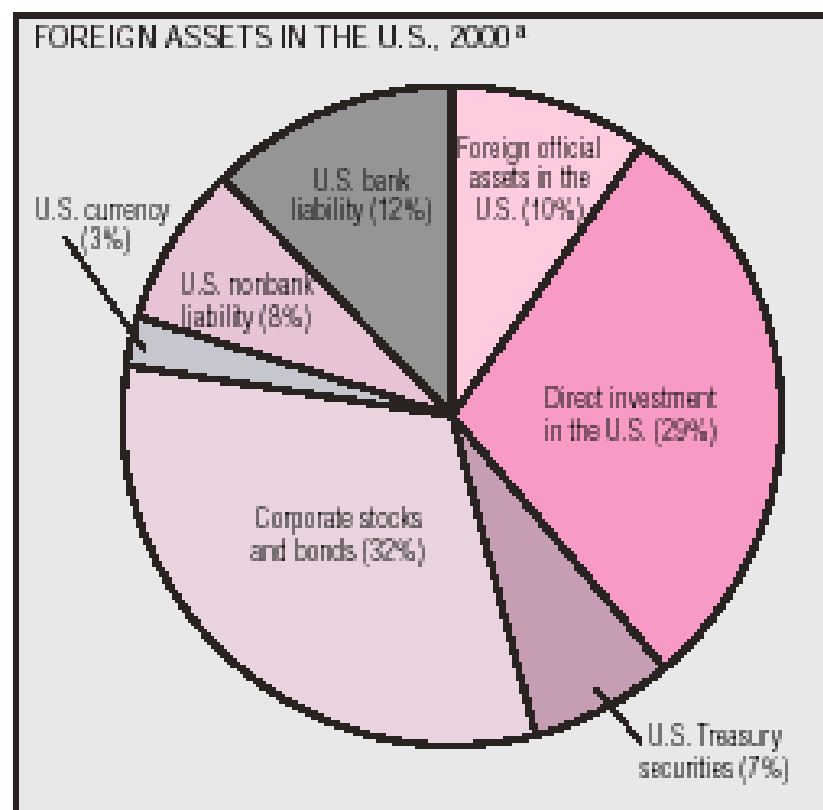
US Net International Investment Position, 1976-2001



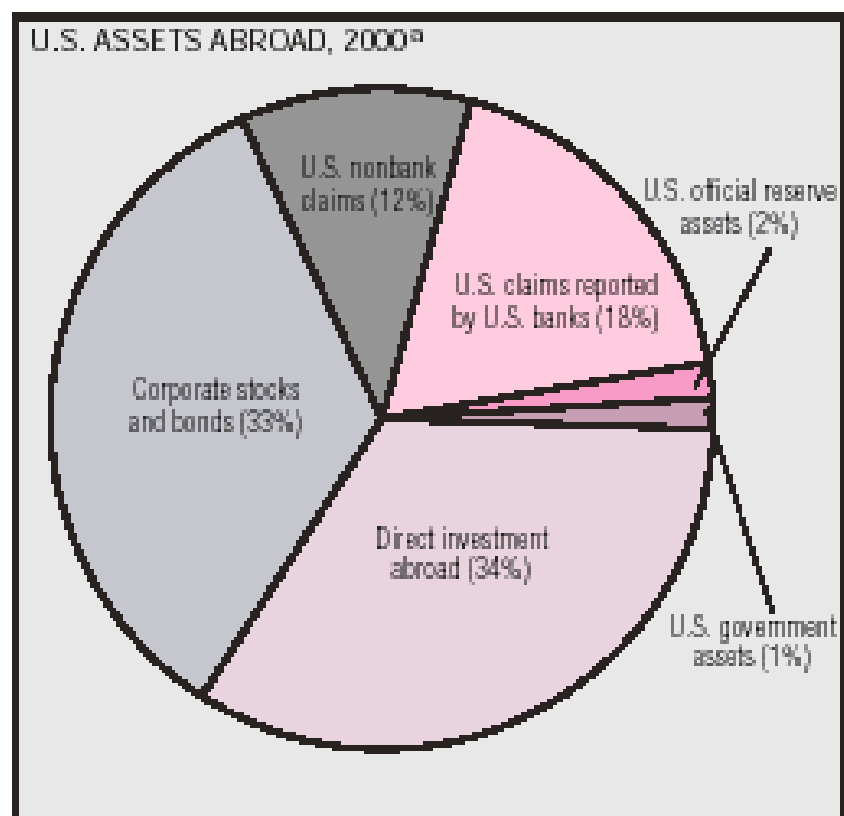
US Net International Investment Position



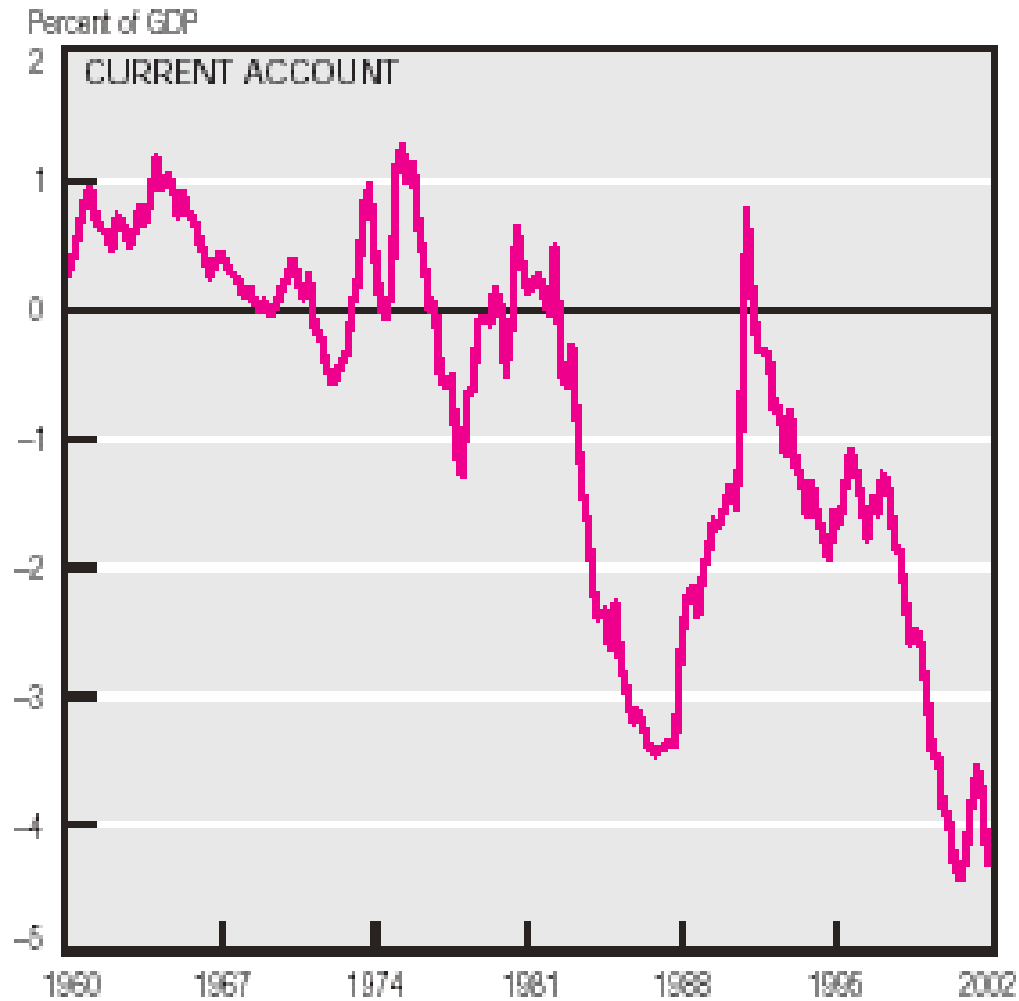
Composition of Foreign Assets in the US



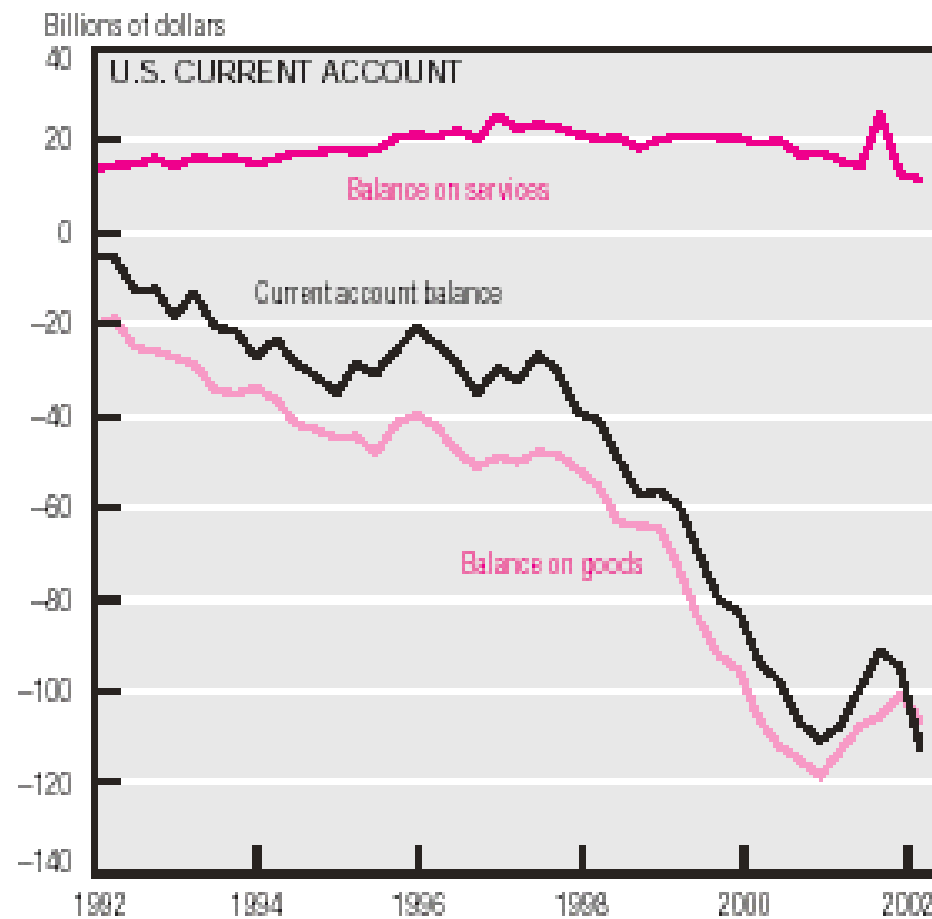
Composition of US Assets Abroad



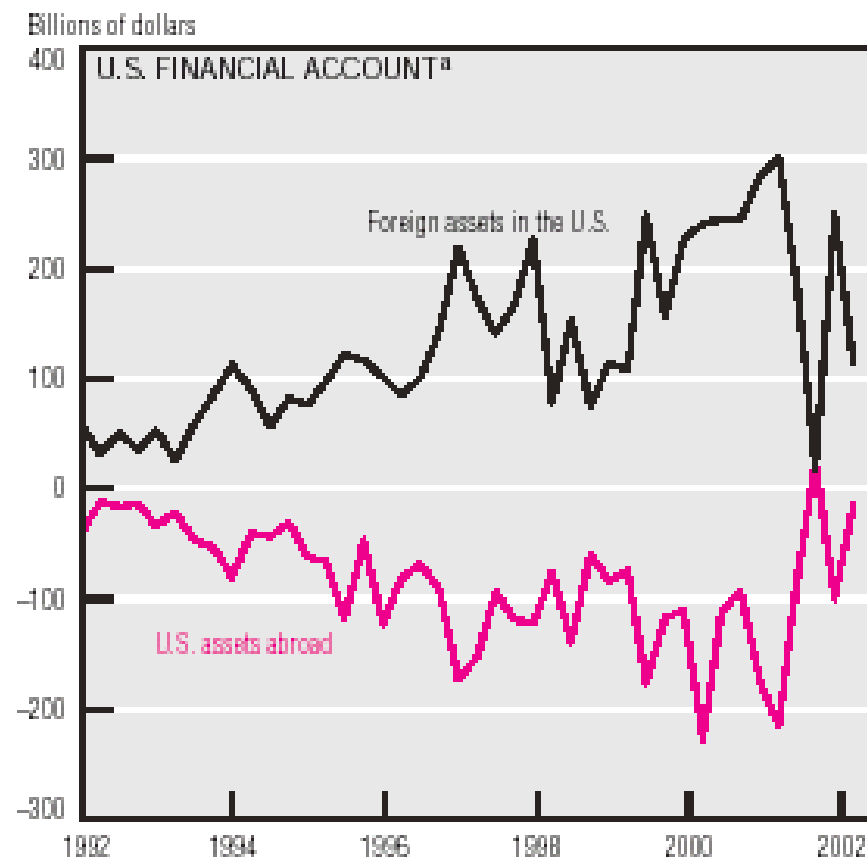
US Current Account Balance, 1960-2002, share of GDP



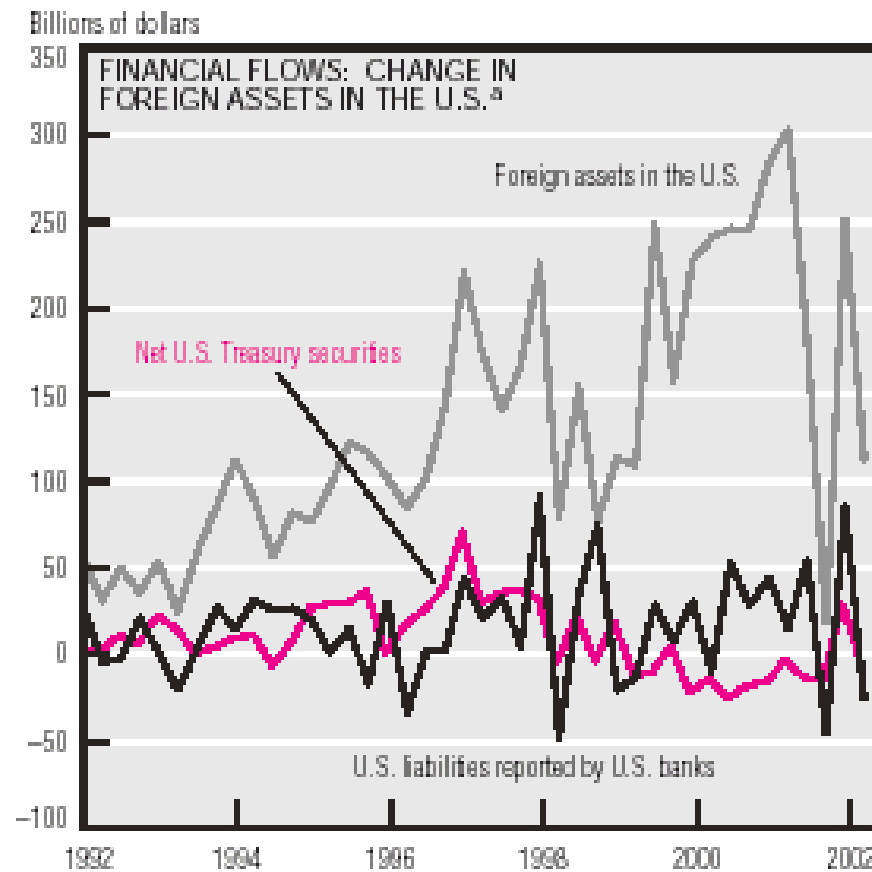
Breaking Down the Current Account Balance



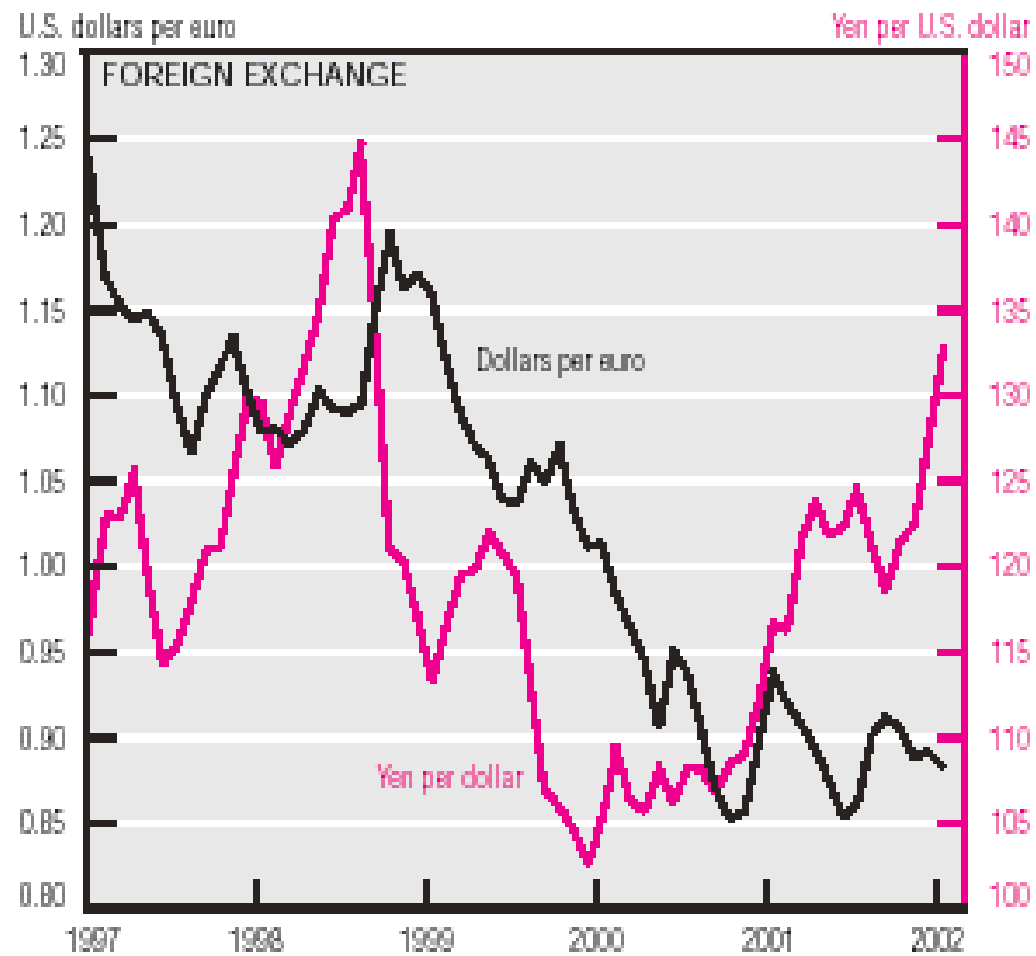
US International Financial Position



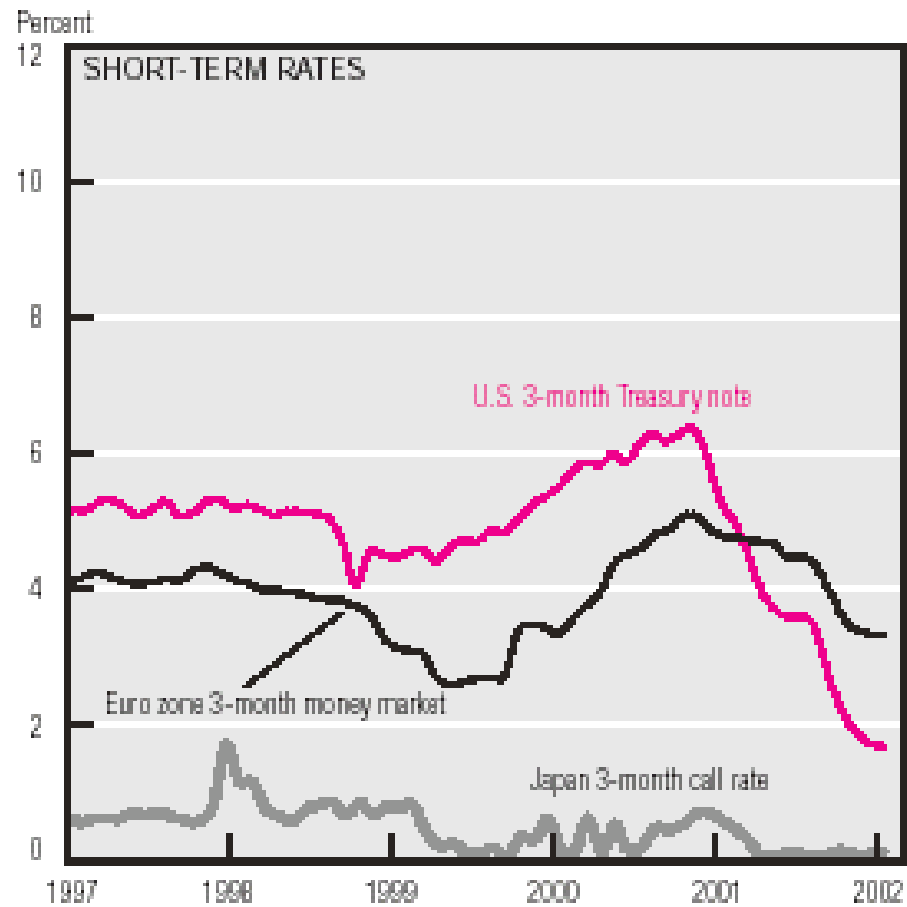
Change in Foreign Assets in US



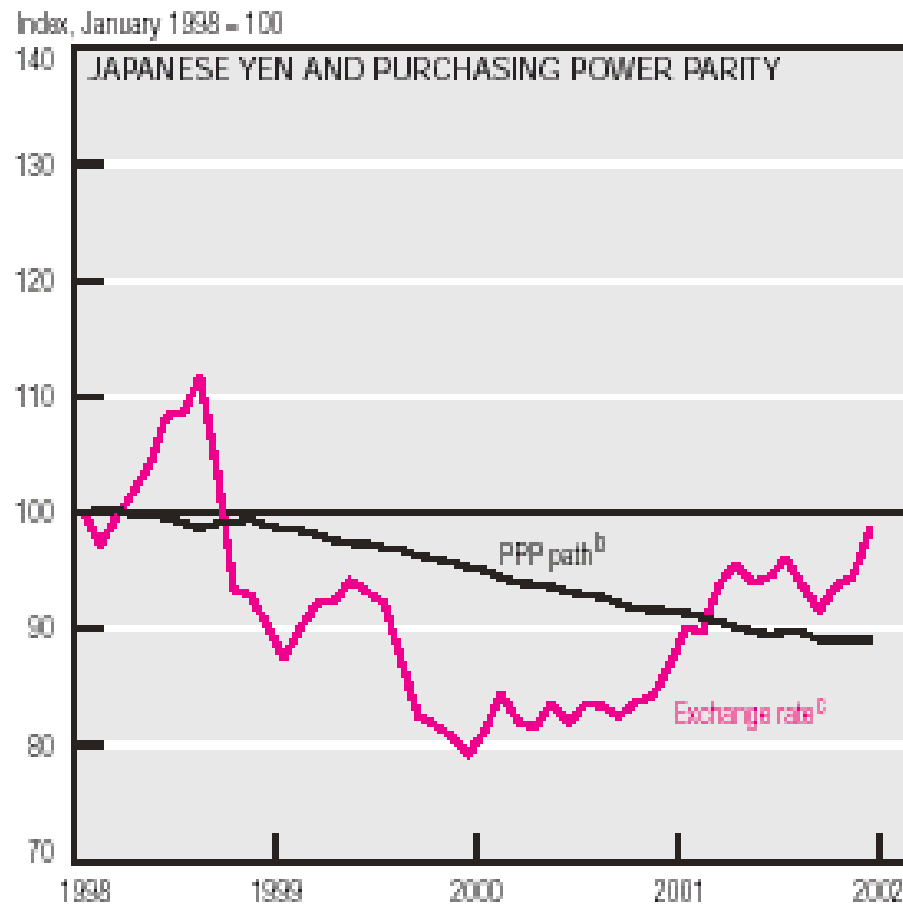
Foreign Exchange Value of the Dollar



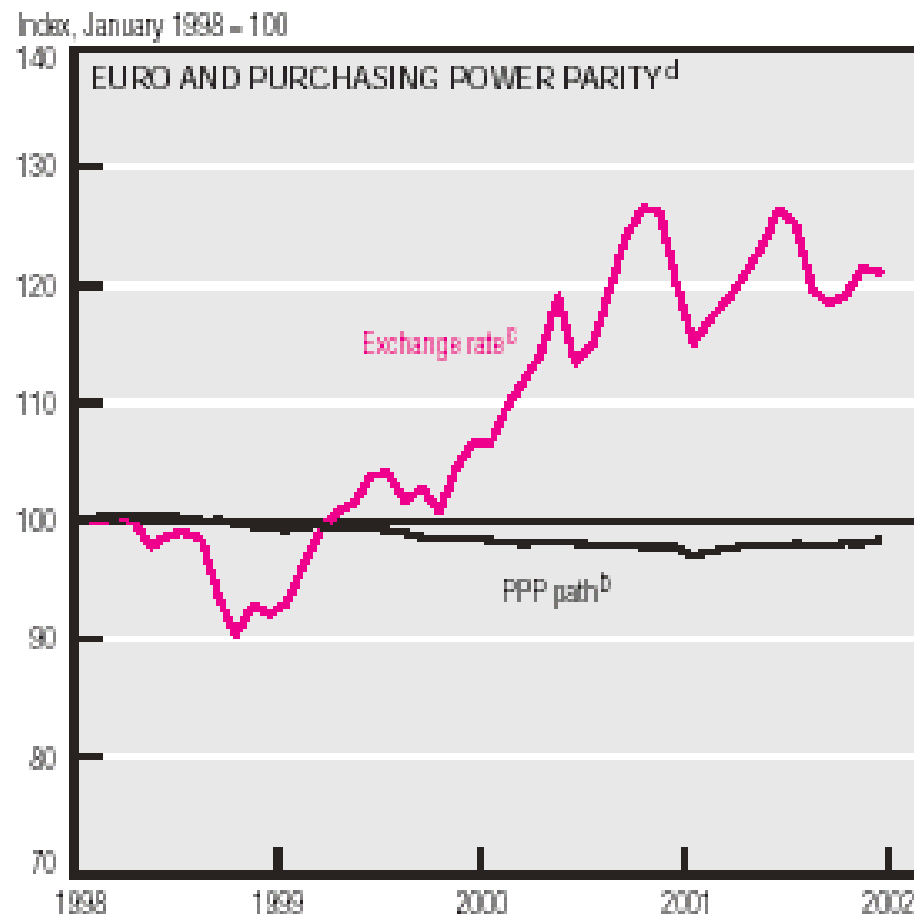
Interest Rates in Euro-land, Japan, and the US



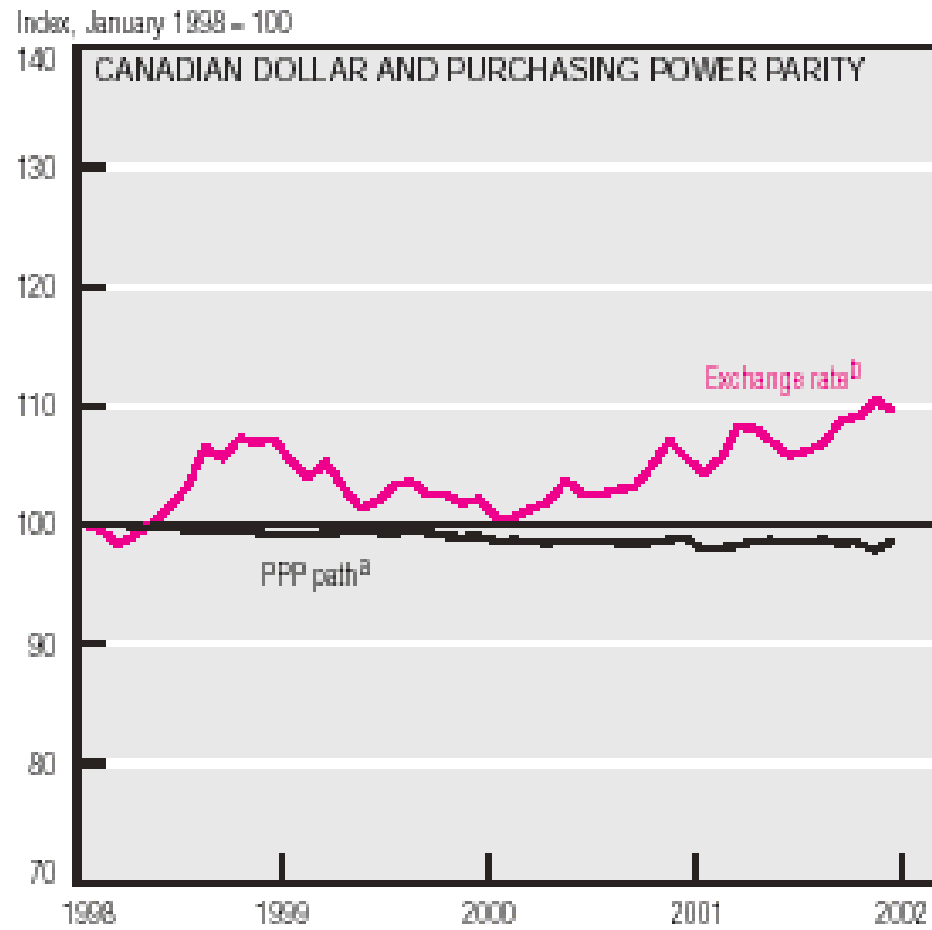
Dollar/Yen Rate and PPP



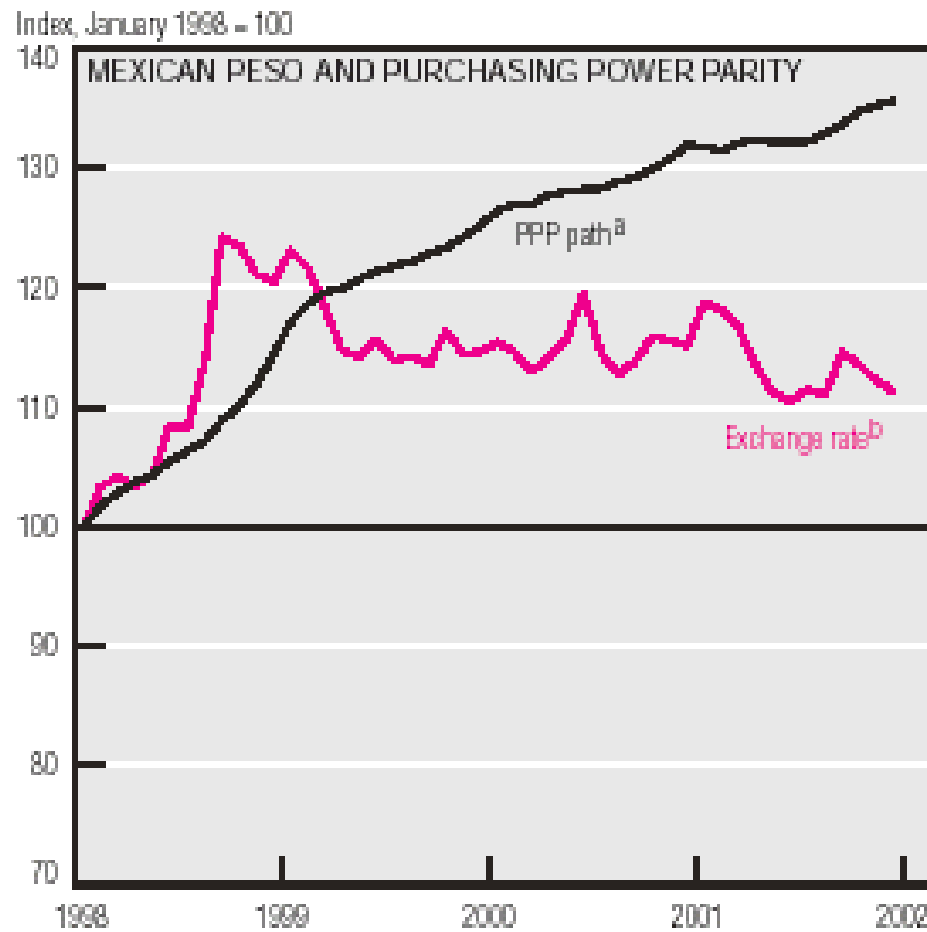
Dollar-Euro and PPP



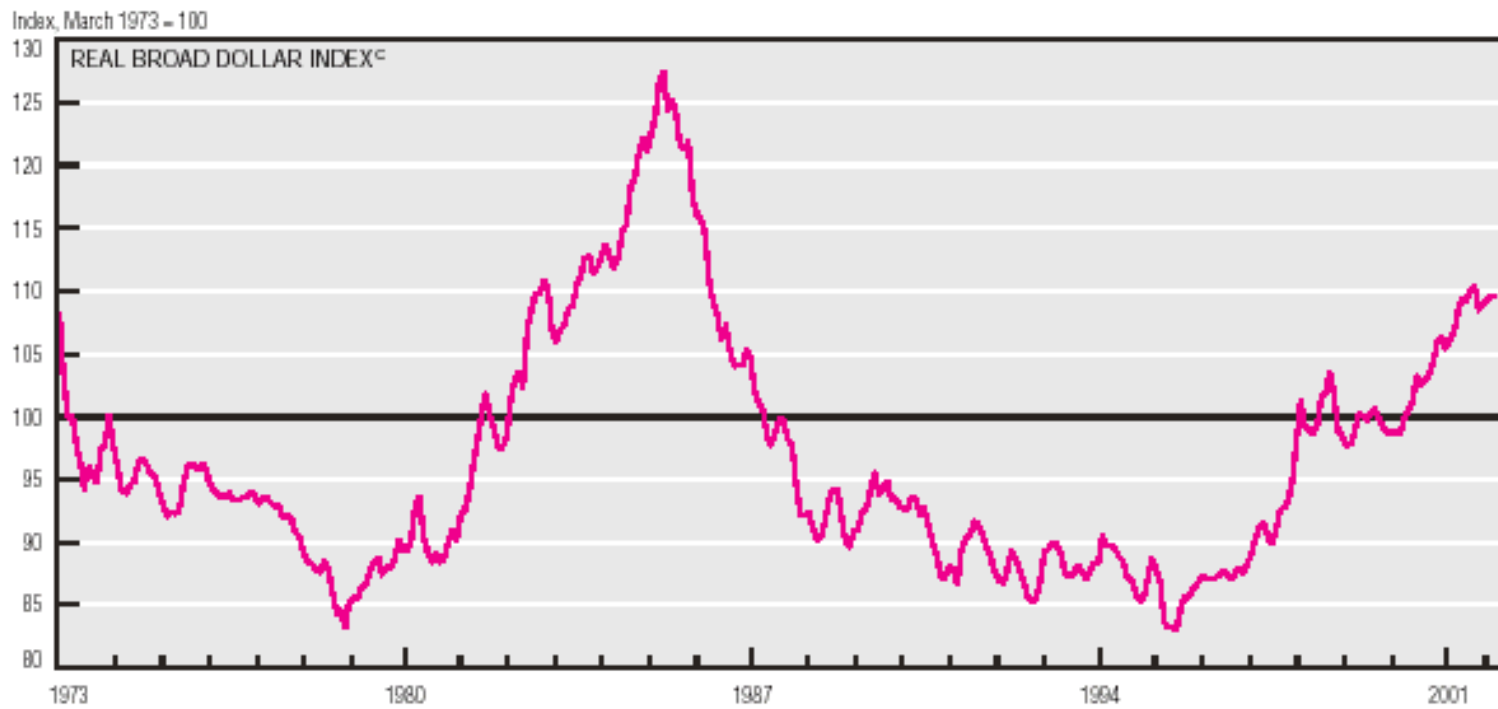
Canada and PPP



Peso and PPP



Real Broad Dollar Index



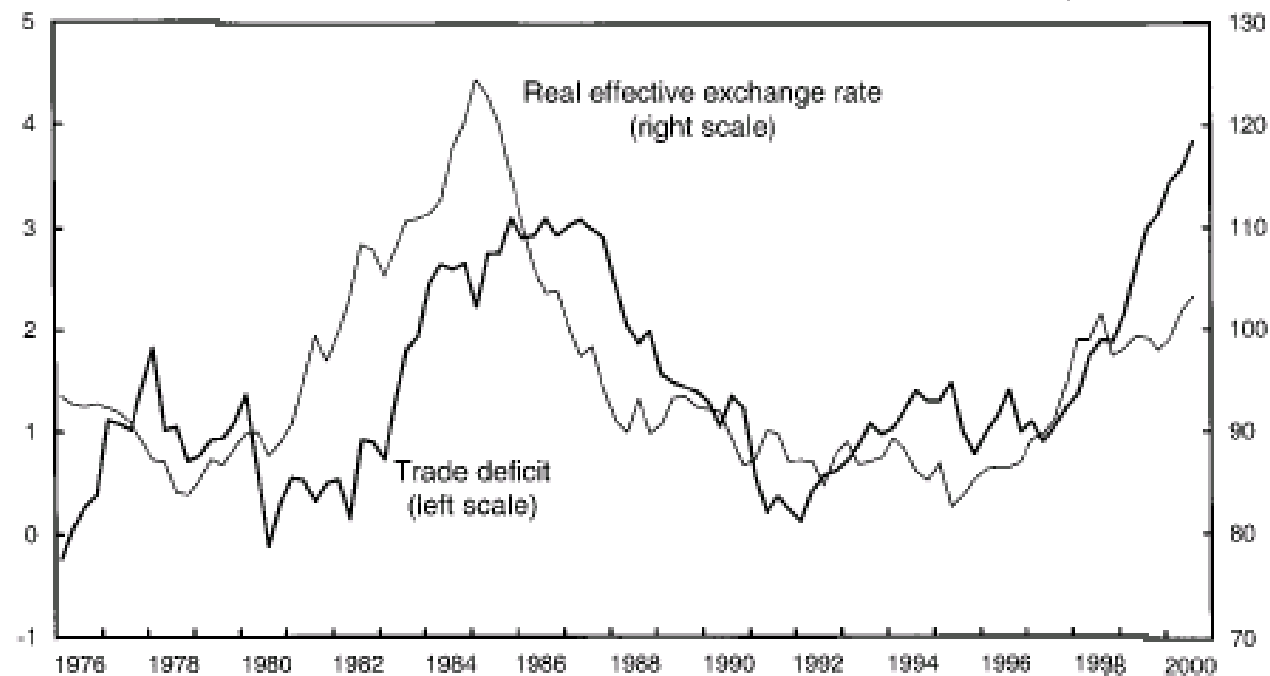
US Trade Deficit and the Real Value of the Dollar

The trade deficit increased as the dollar appreciated in the late 1990s.

Chart 4-4 The Trade Deficit and the Real Effective Exchange Rate of the Dollar

Percent of GDP

Index, March 1973 = 100



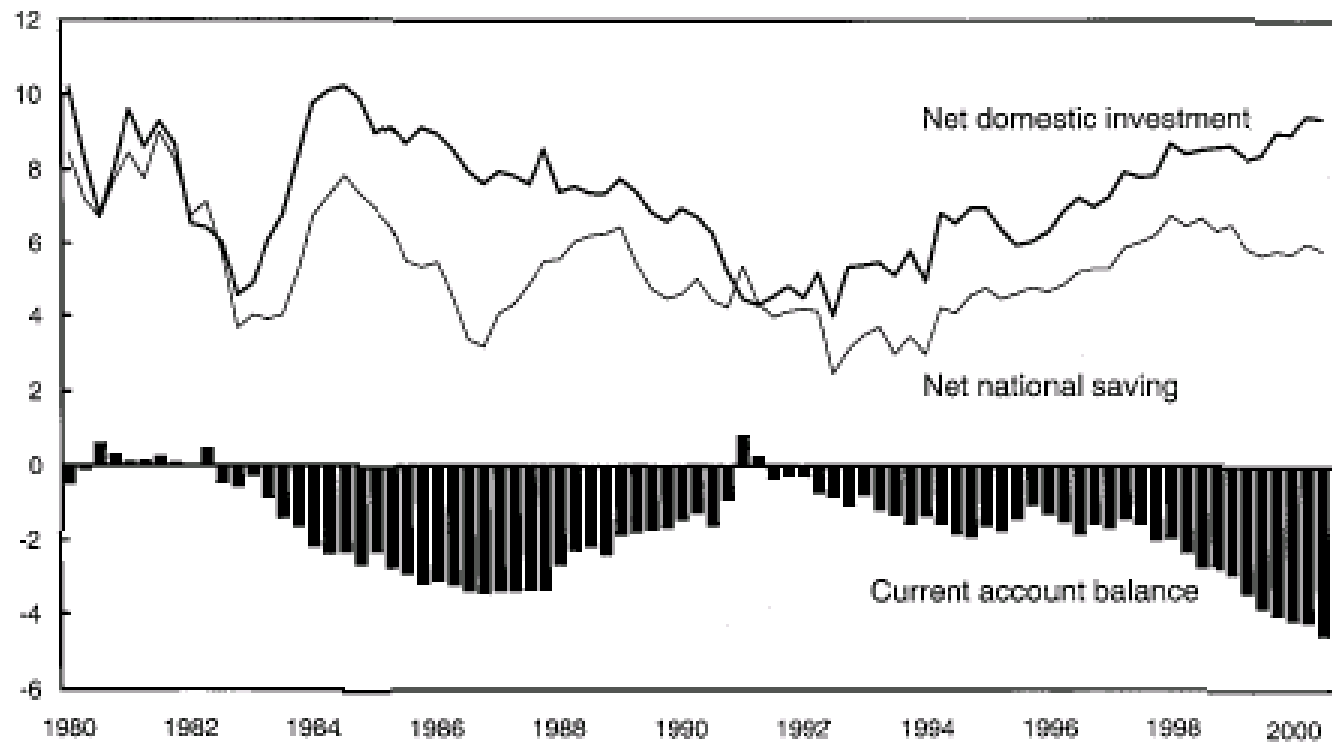
Note: The real effective exchange rate is the Federal Reserve's price-adjusted broad index of the foreign exchange value of the dollar. A rise in this index indicates a real appreciation of the dollar.

Sources: Department of Commerce (Bureau of Economic Analysis) and Board of Governors of the Federal Reserve System.

Investment and the Current Account

The increase in the current account deficit after 1995 has supported higher investment.

Chart 4-5 Saving, Investment, and the Current Account Balance
Percent of GDP

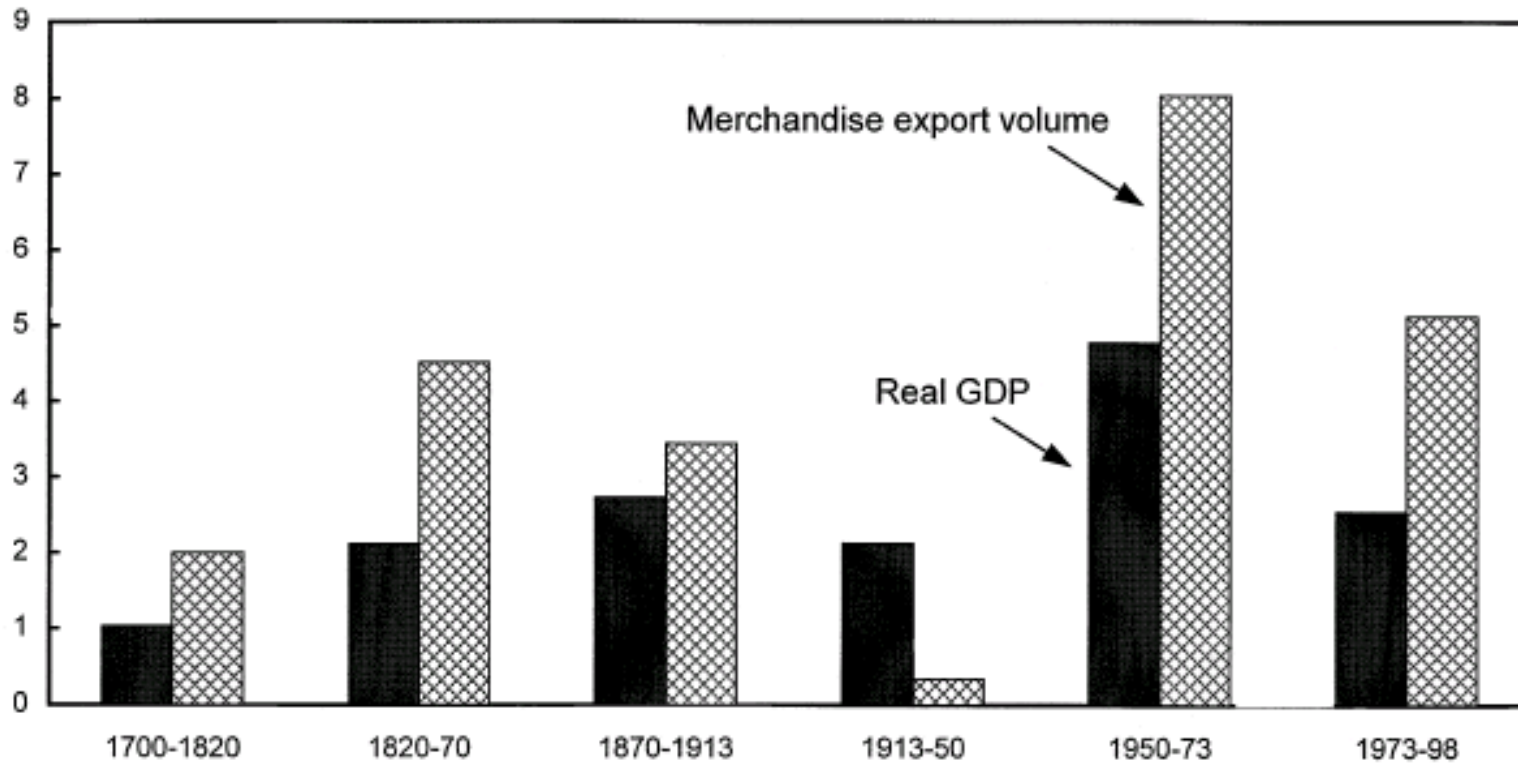


Note: The current account balance equals net national saving minus net domestic investment plus the statistical discrepancy.

Source: Department of Commerce (Bureau of Economic Analysis).

Trade Grows Faster than Output

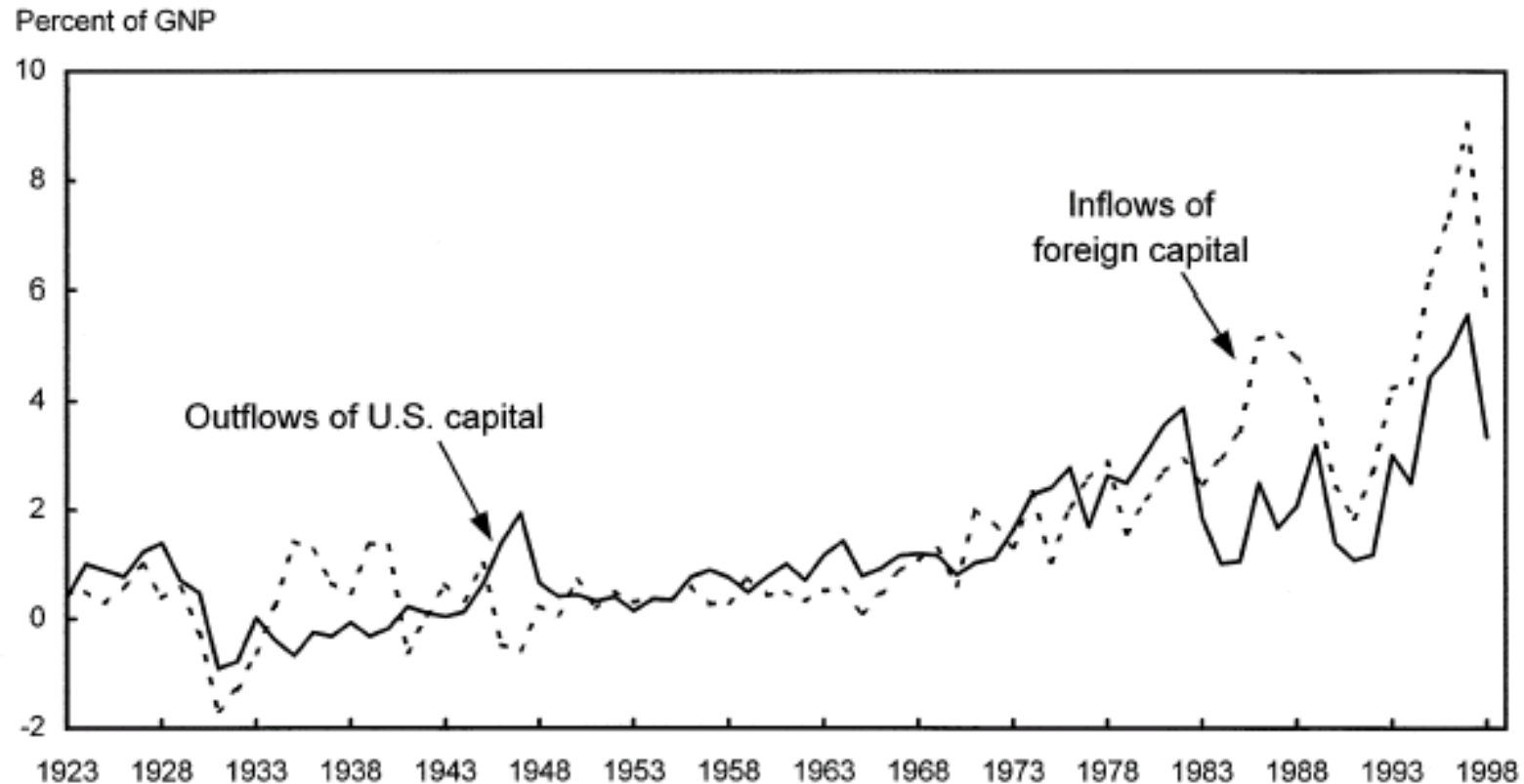
Average annual percent change over period



Note: Data beginning in 1870 are for the Group of Seven major industrialized economies: Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. Data for 1700-1820 are for the United Kingdom only; export data begin in 1720. Data for 1820-70 exclude Canada, Germany, and Japan.

Sources: Organization for Economic Cooperation and Development and Angus Maddison, *Monitoring the World Economy 1820-1992*, 1995 and *Dynamic Forces in Capitalist Development*, 1991.

Capital Flows into and out of the US

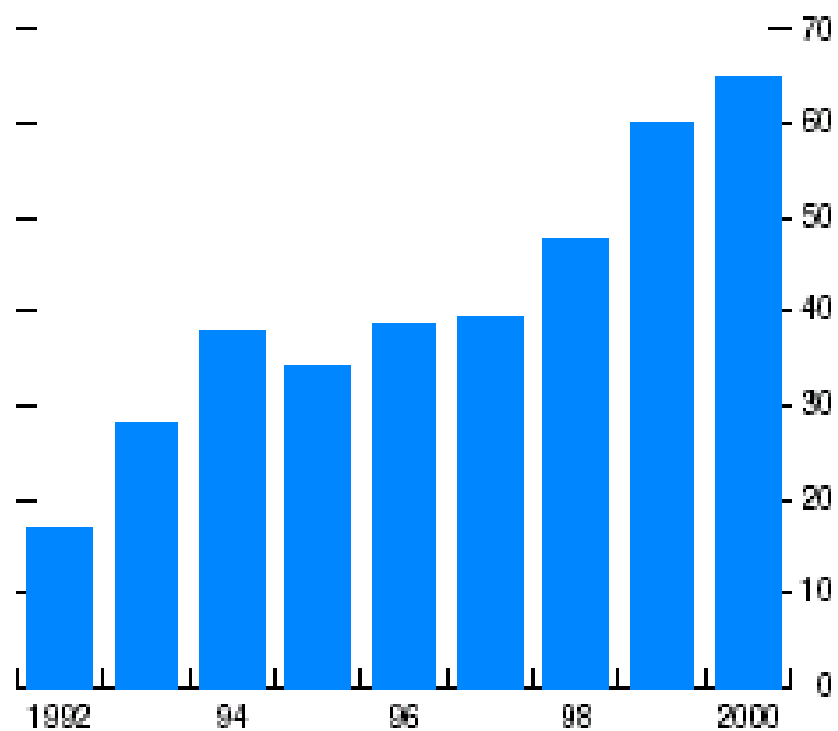


Note: Outflows of U.S. capital are the net increase in U.S.-owned assets abroad. Inflows of foreign capital are the net increase in foreign-owned assets in the United States.

Sources: Department of Commerce (Bureau of Economic Analysis); Department of Commerce (Bureau of the Census); and Christina D. Romer, "The Prewar Business Cycle Reconsidered: New Estimates of Gross National Product, 1869-1908," *Journal of Political Economy*, 1989.

The US Share of Global Surpluses

Figure 2.1. United States: Current Account Deficit as Share of Global Surpluses
(In percent)

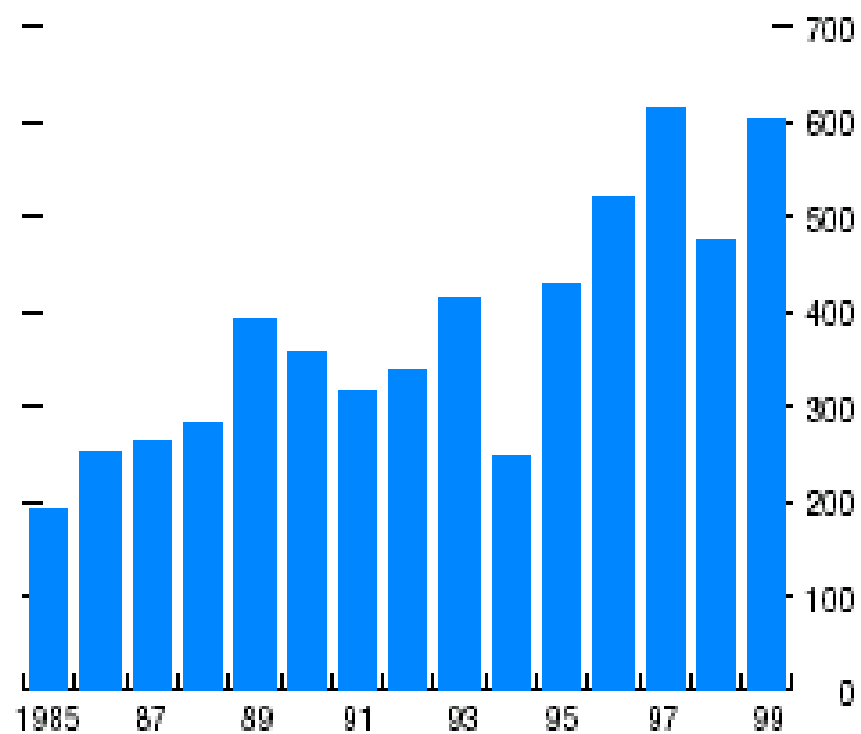


Source: IMF, *World Economic Outlook* database.

Gross versus Net Global Capital Flows

Figure 2.3. Gross Global Capital Flows Relative to Net Global Capital Flows¹

(In percent)



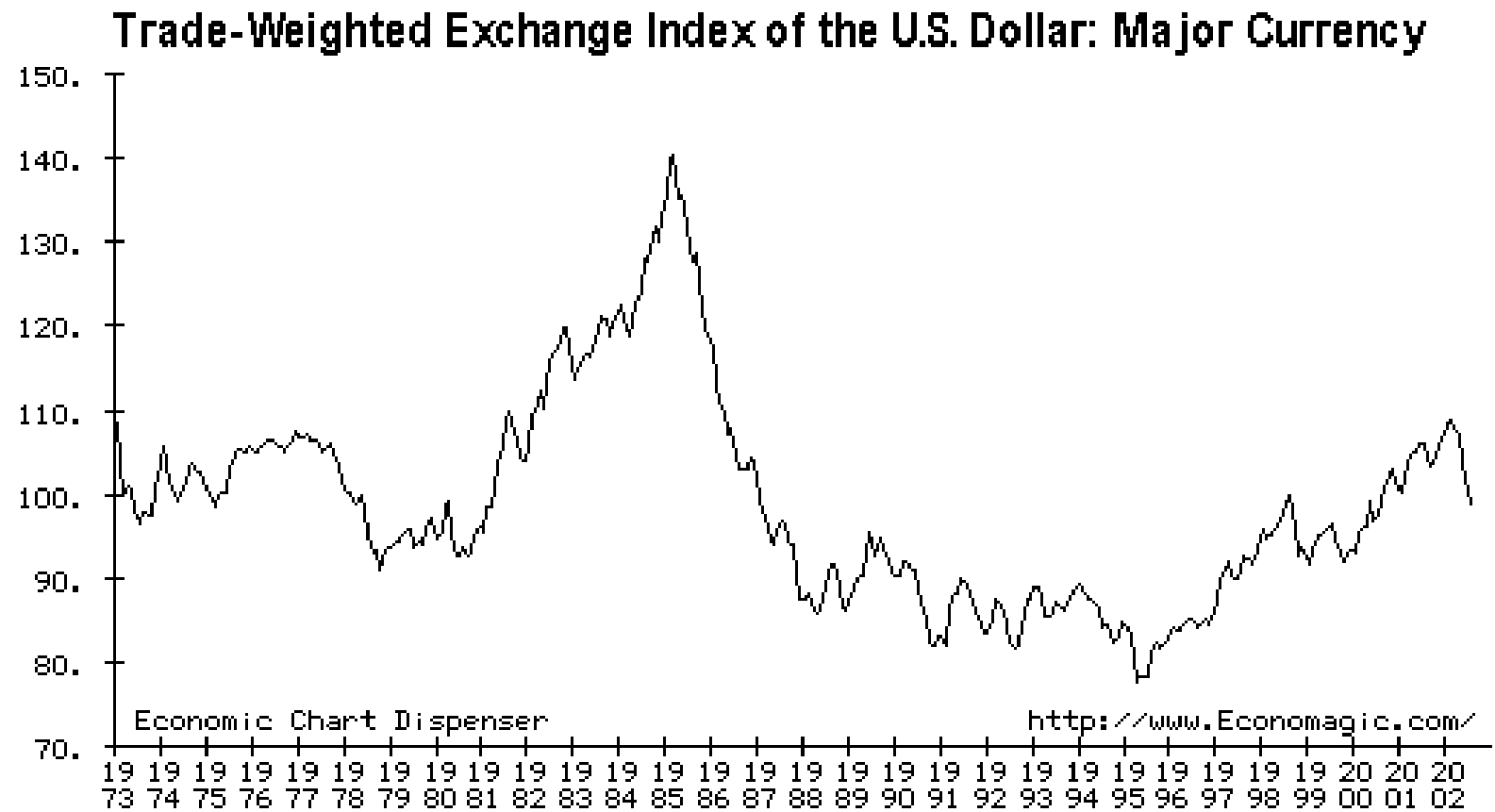
Sources: IMF, *World Economic Outlook* database; and IMF, *International Financial Statistics*.

¹Ratio of the sum of absolute values of gross inflows and gross outflows to the sum of absolute values of current account balances.

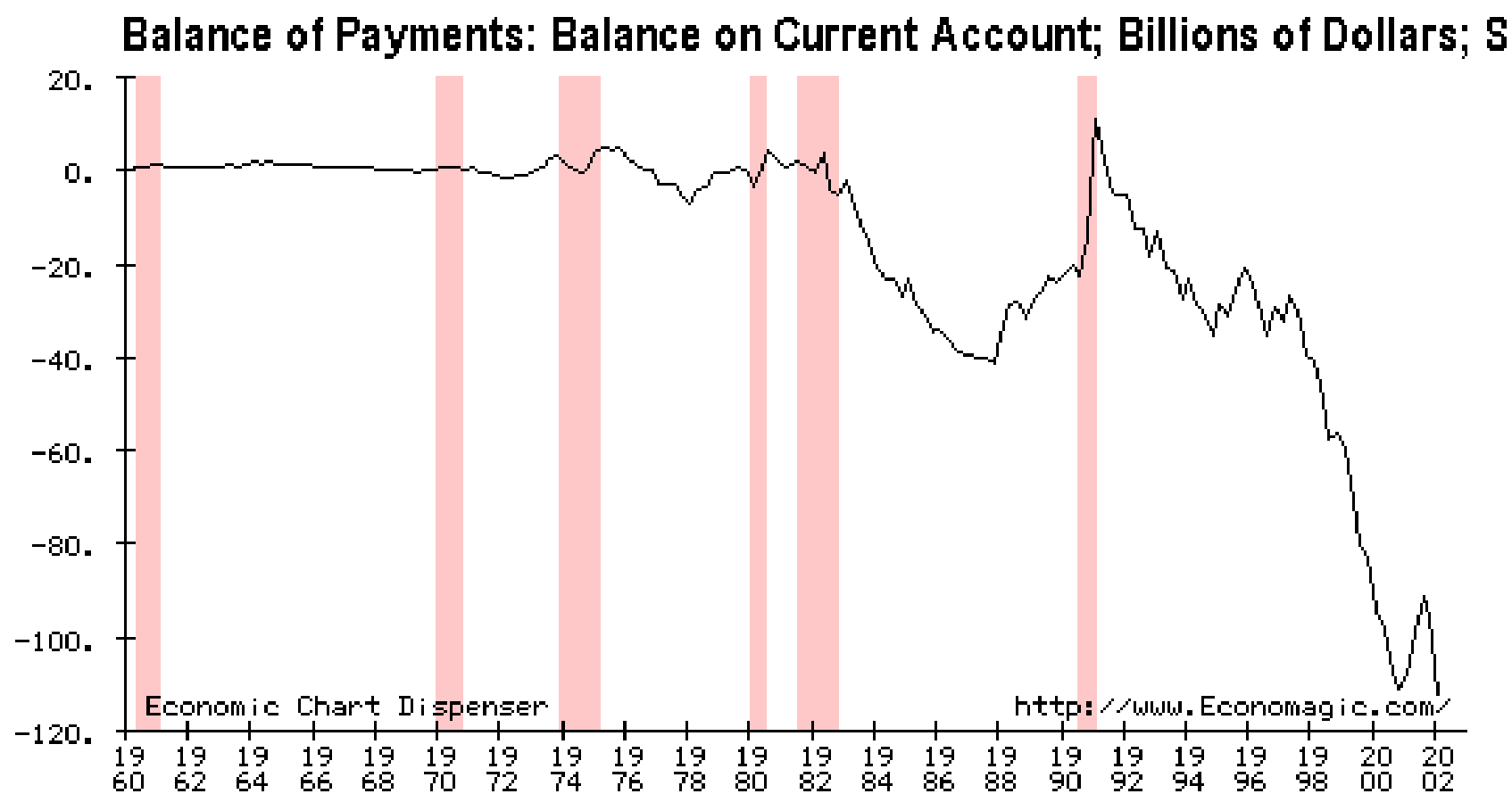
Yen Price of a Dollar, 1970-2002



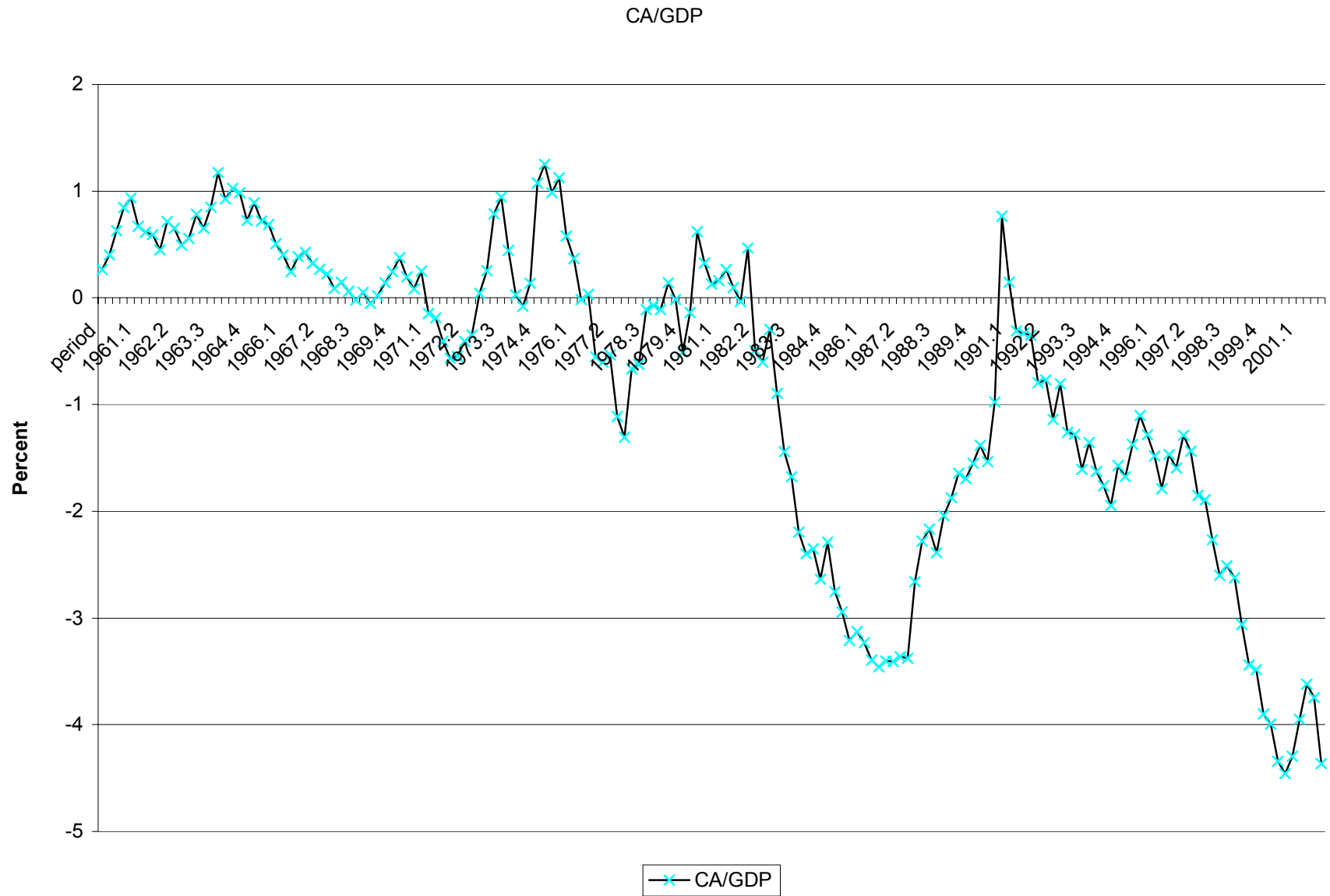
Trade-Weighted Value of the Dollar



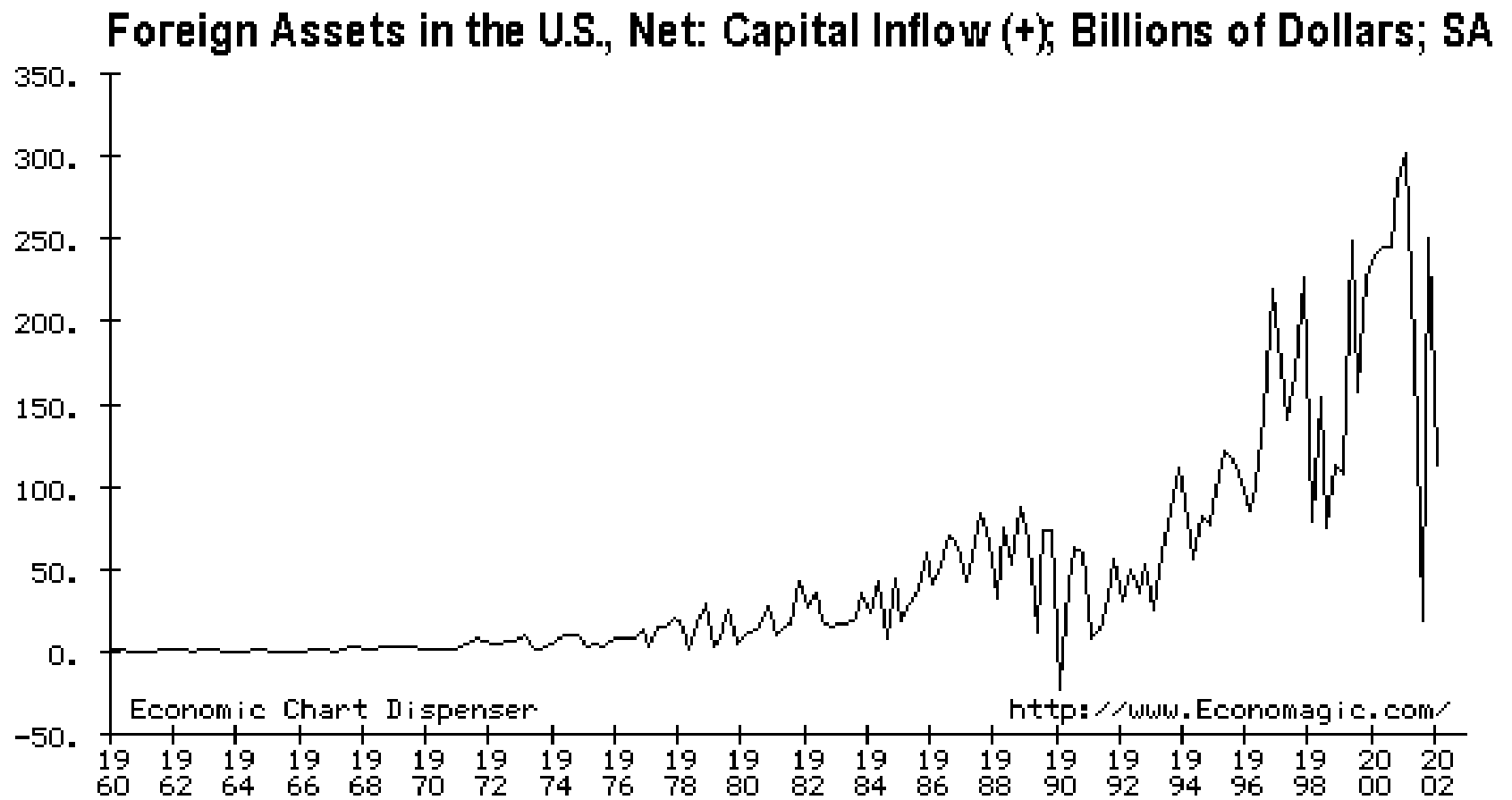
US Current Account Balance



US Current Account Balance as Share of GDP

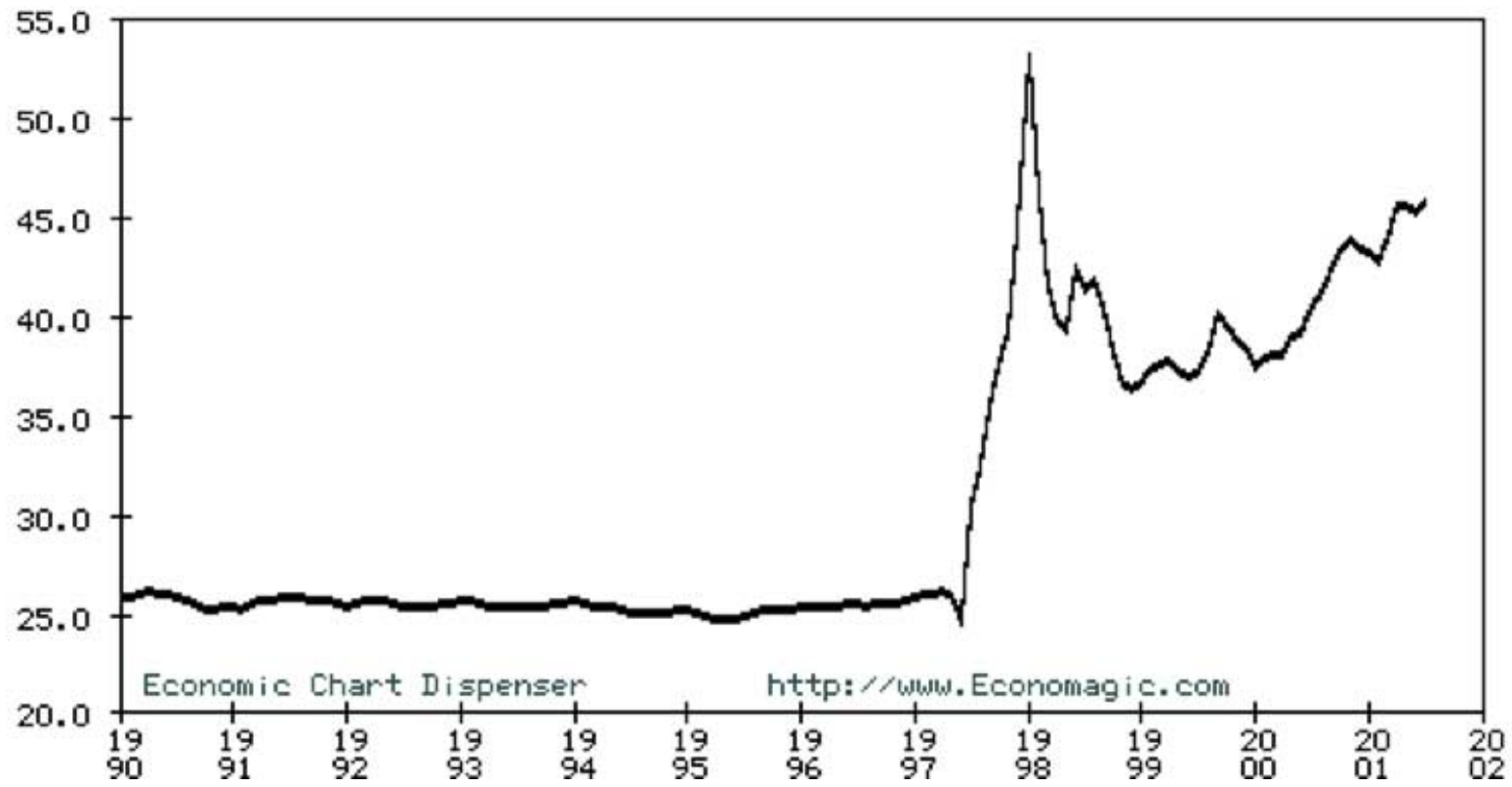


Net Capital Inflow to the United States

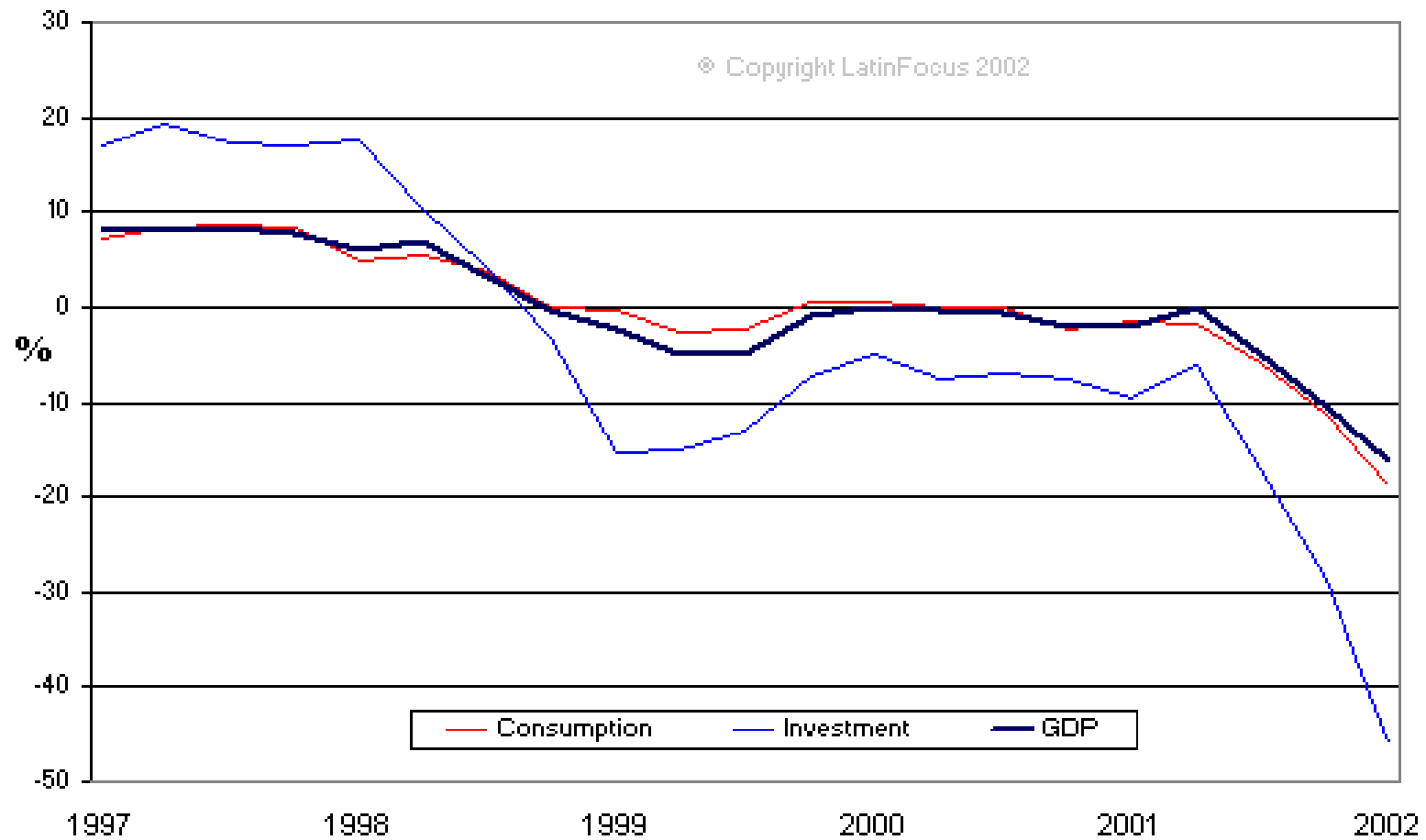


A Sudden Stop

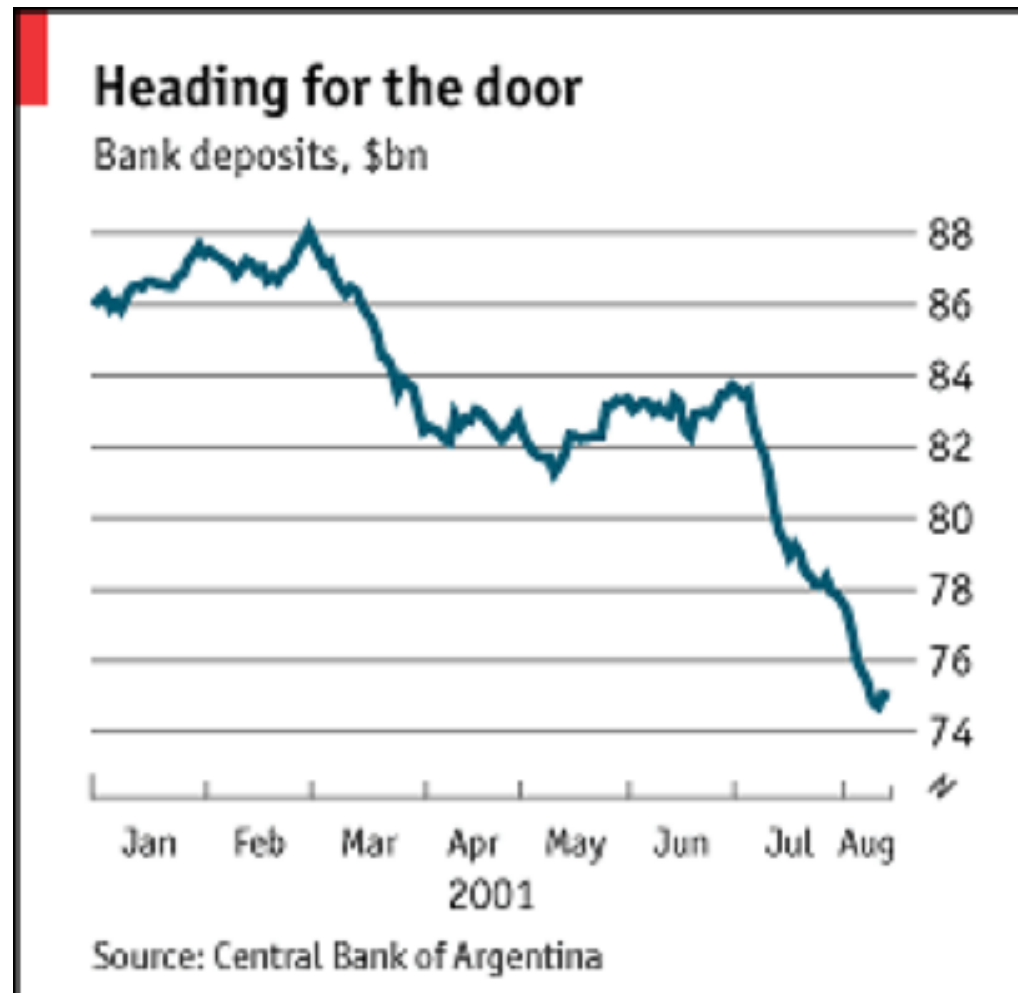
Thai Baht to one U.S. Dollar; Exchange Rate



Argentina: Anatomy of a Crisis



Deposits in Argentine Banks Decline

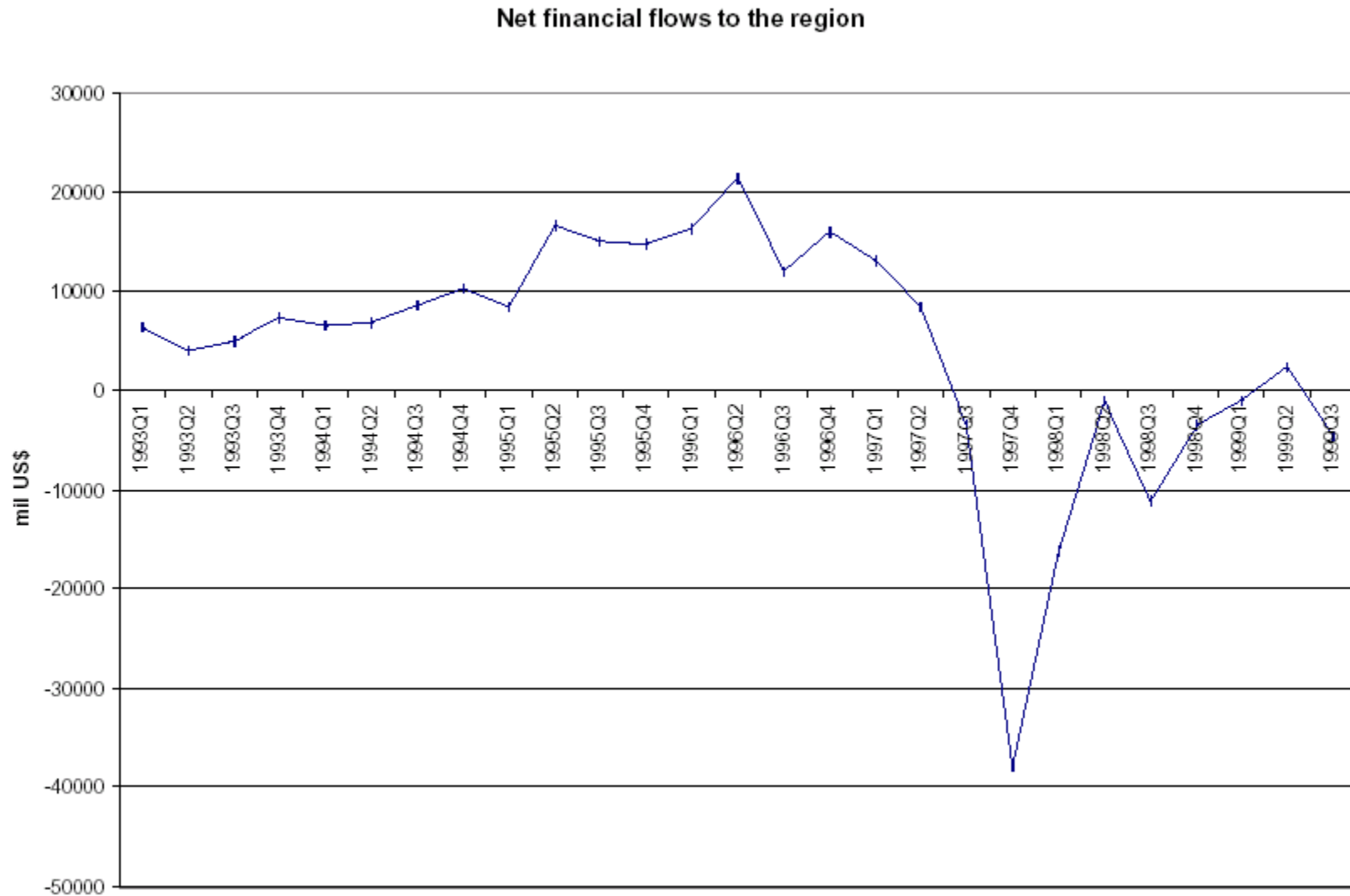


Euro Gyration

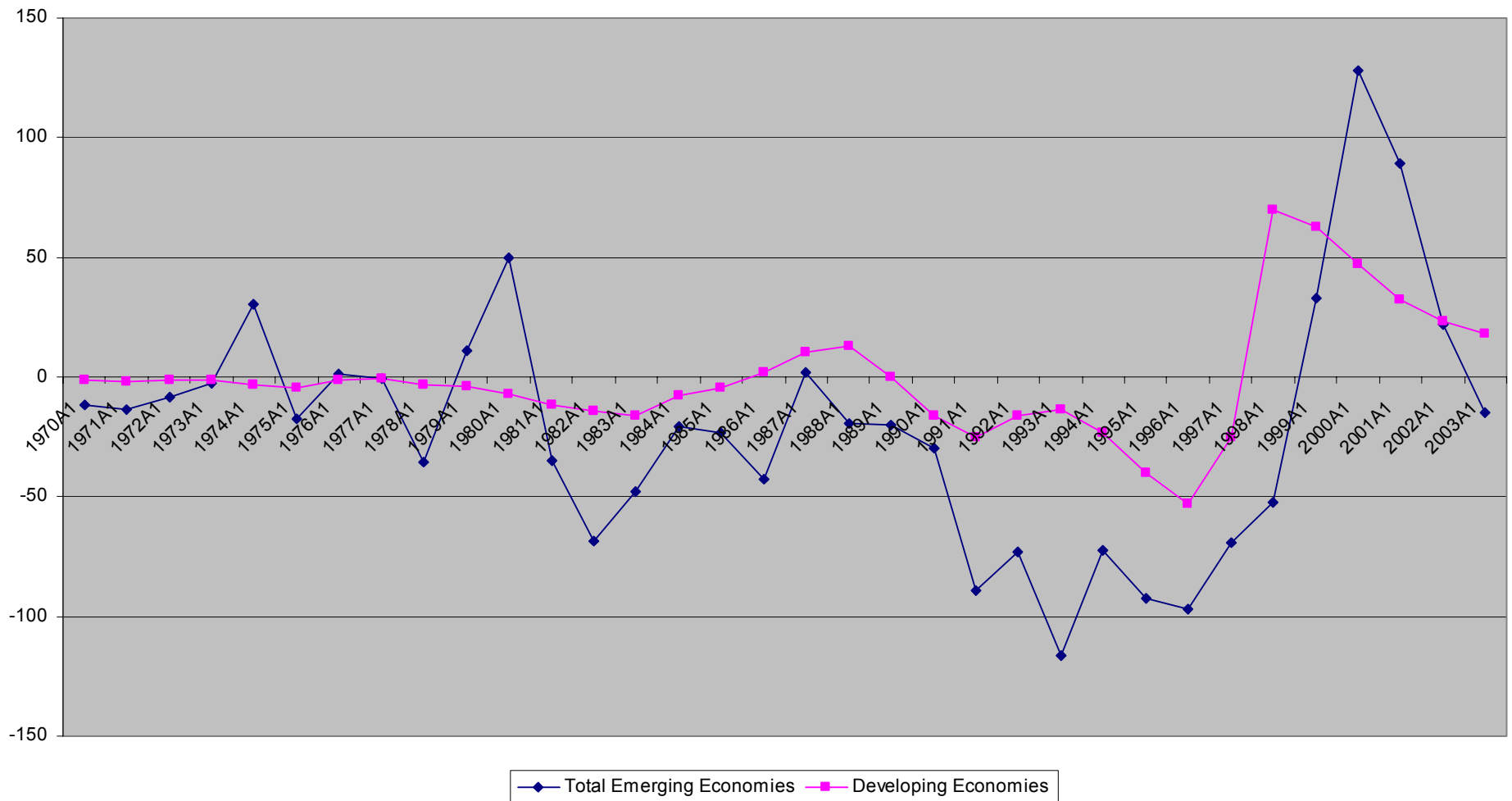


Sudden Reversals:

Net Financial Flows to South Korea, Philippines, Indonesia, and Thailand



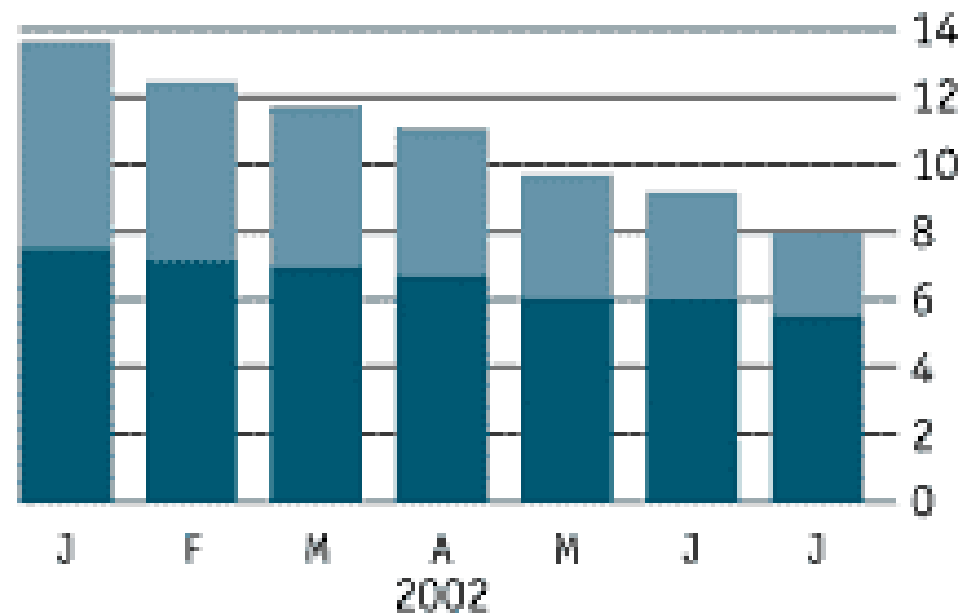
Current Account Balances: Emerging and Developing Economies



Foreign flight

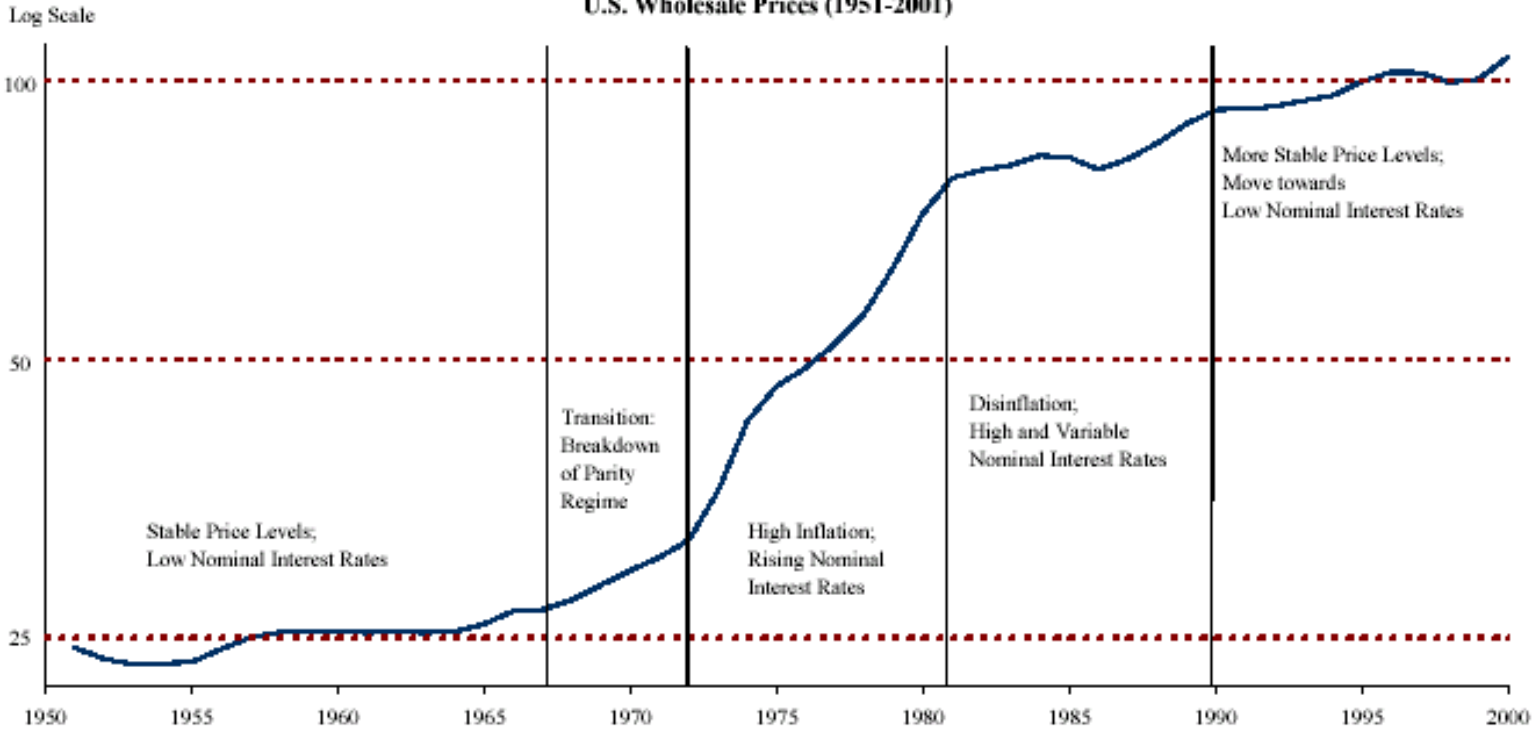
Uruguay's banking system:
foreign-currency deposits, \$bn

residents non-residents



Source: Banco Central del Uruguay

**Figure 1: The World's Nominal Anchor:
U.S. Wholesale Prices (1951-2001)**

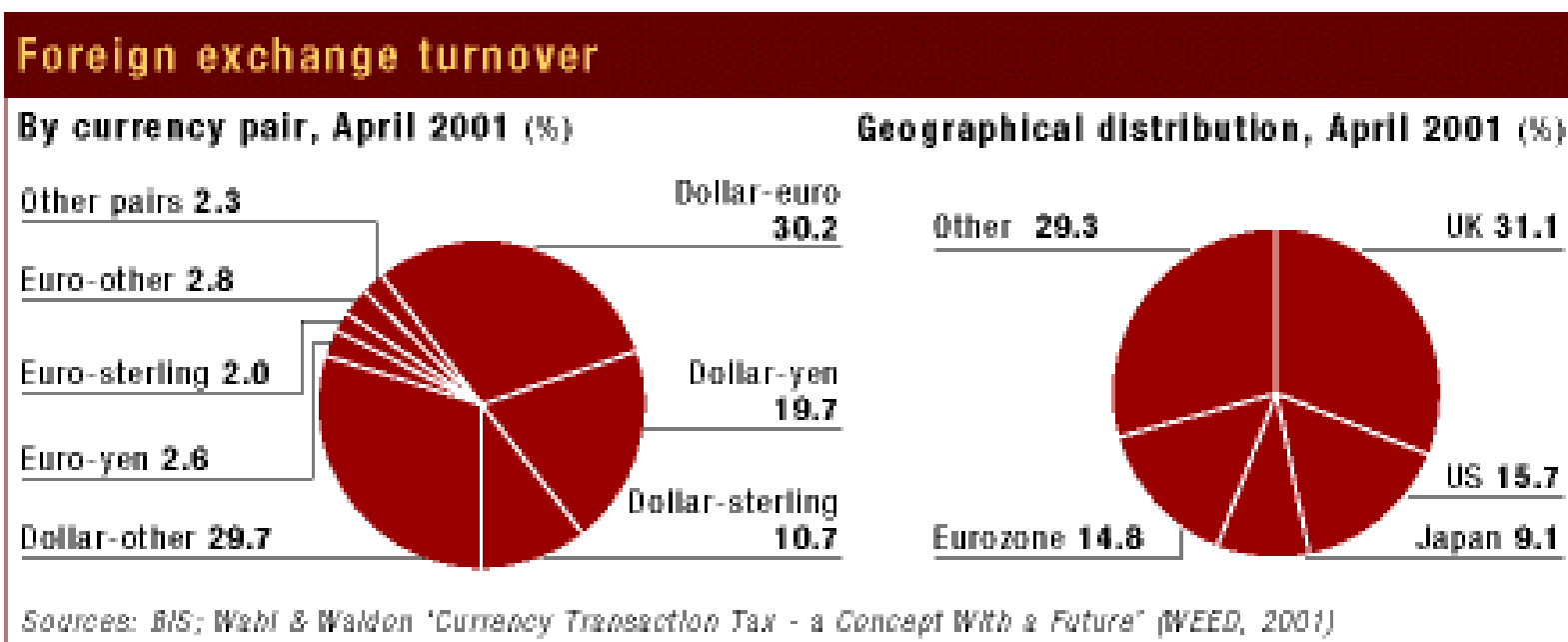


Source: International Financial Statistics, IMF (March 2002)

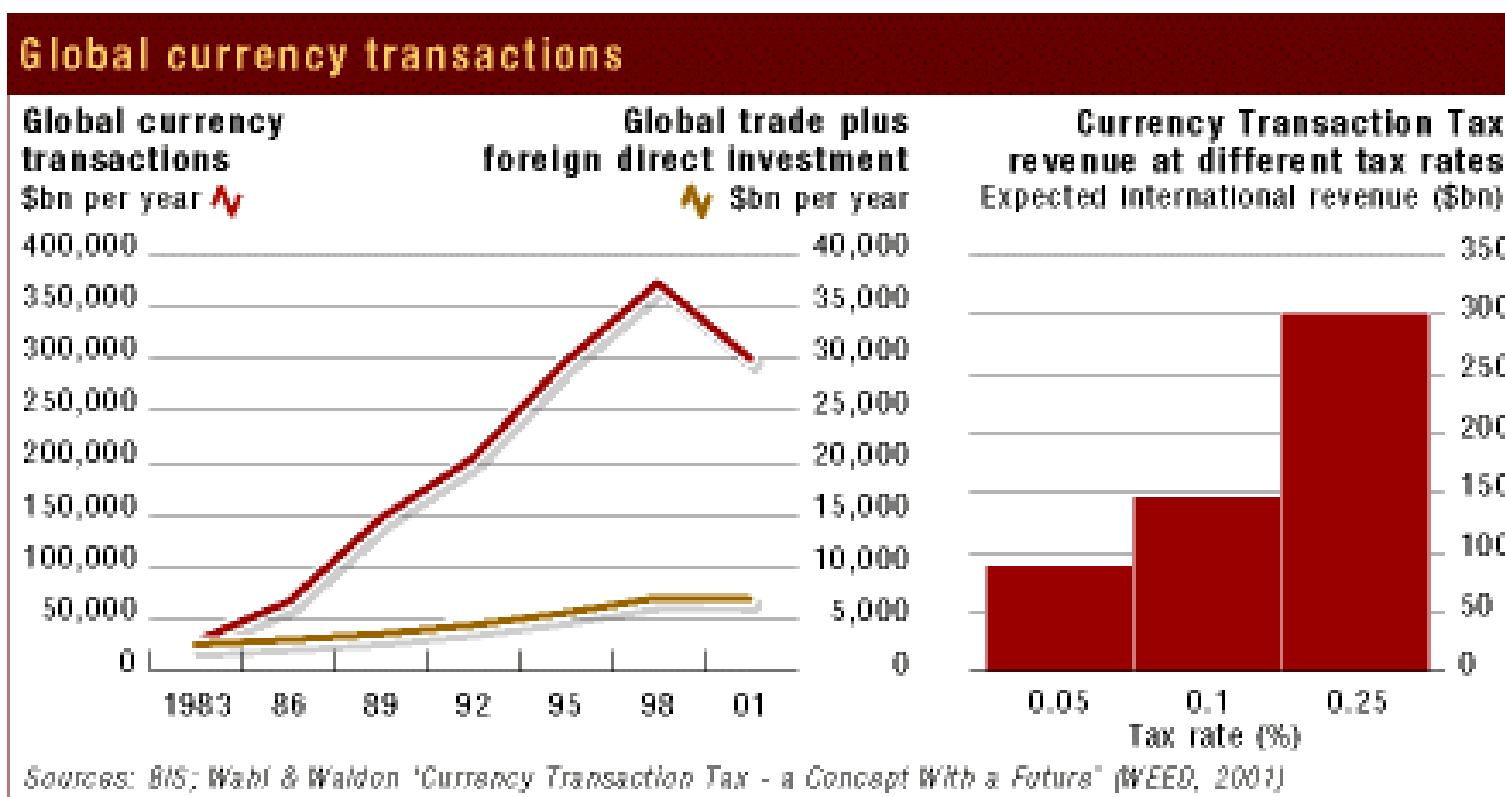
Size of the Foreign Exchange Market



Foreign Exchange Turnover, Currency and Region



Currency Transactions and Global Investment



A Year of the Euro-Dollar Rate

<http://www.Economagic.com/>

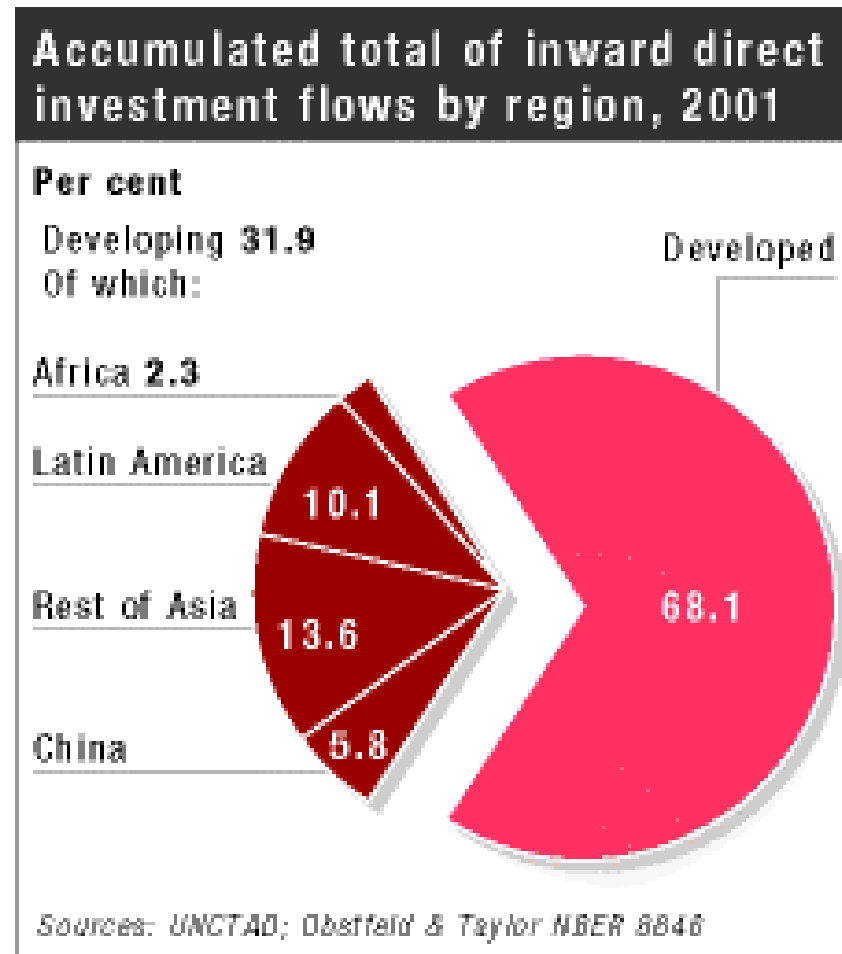
A temporary chart was posted on this page. This chart no longer exists. Please ask the poster only to post permanent Economagic charts, of which there are thousands. Economagic.com subscribers can save customized chart settings for multiple series, and have these charts updated by Economagic.

The Economagic database has over 100,000 economic series. Each can be viewed and charted online. Subscribers can access this data via excel, or similar file formats, or use the Economagic excel macro to create updateable spreadsheets.

Thanks,

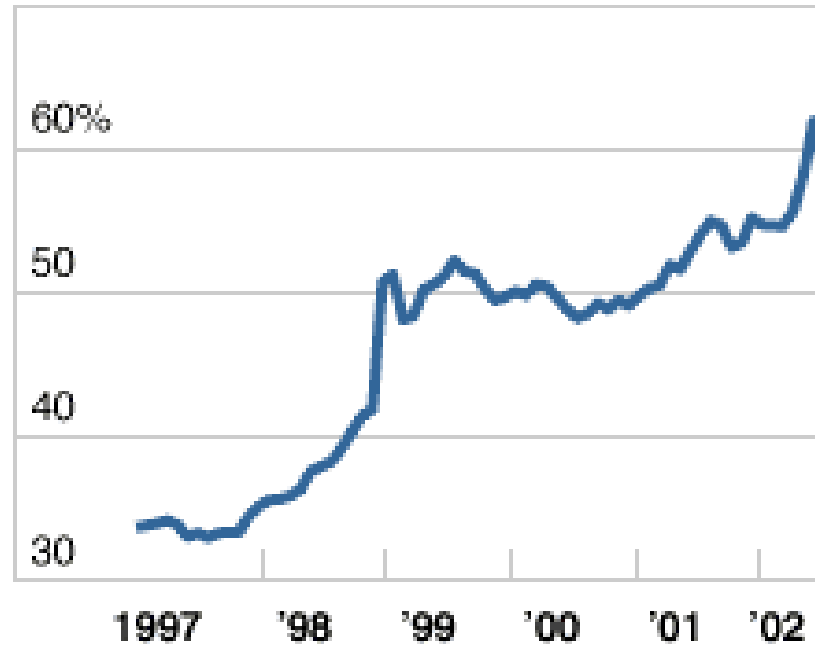
Economagic.

Capital Flows to the Developed World



DEBT LOAD

Brazil's net debt as a percentage of GDP, monthly figures



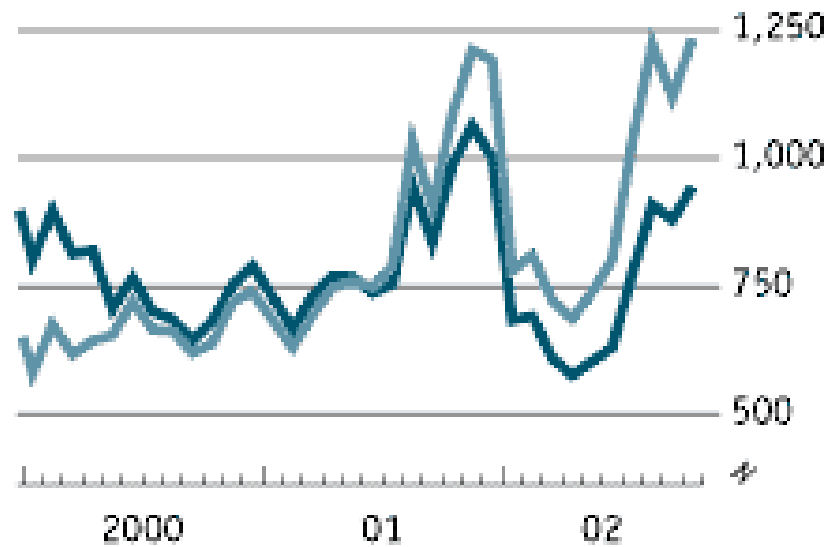
Source: J.P. Morgan Chase

The price of profligacy

1

Bond spreads over US Treasuries, basis points

— Emerging Market Bond Index+
— Latin America



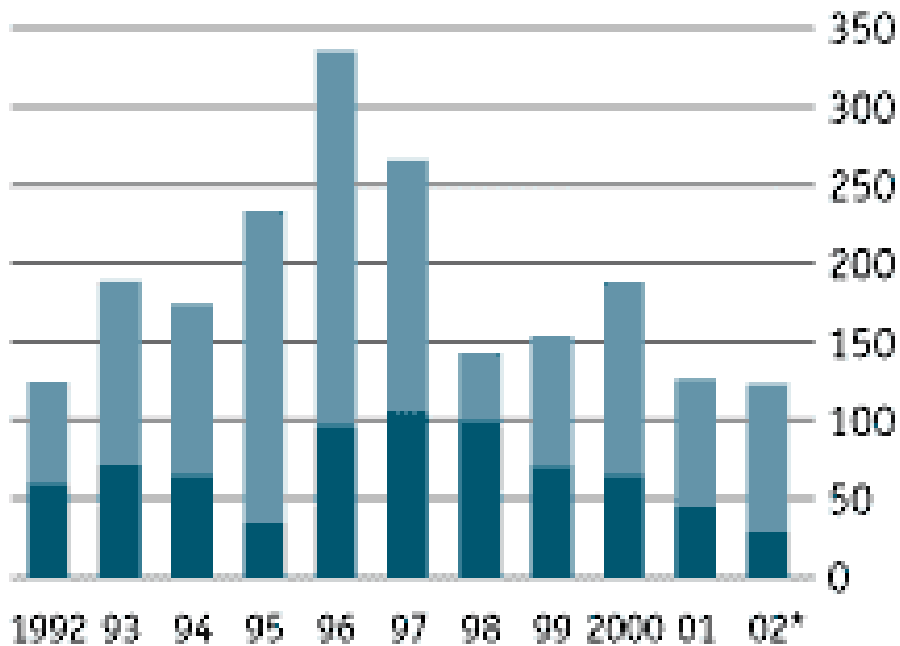
Source: J.P. Morgan Chase

Fair-weather friend

2

Net private capital flows to emerging economies, \$bn

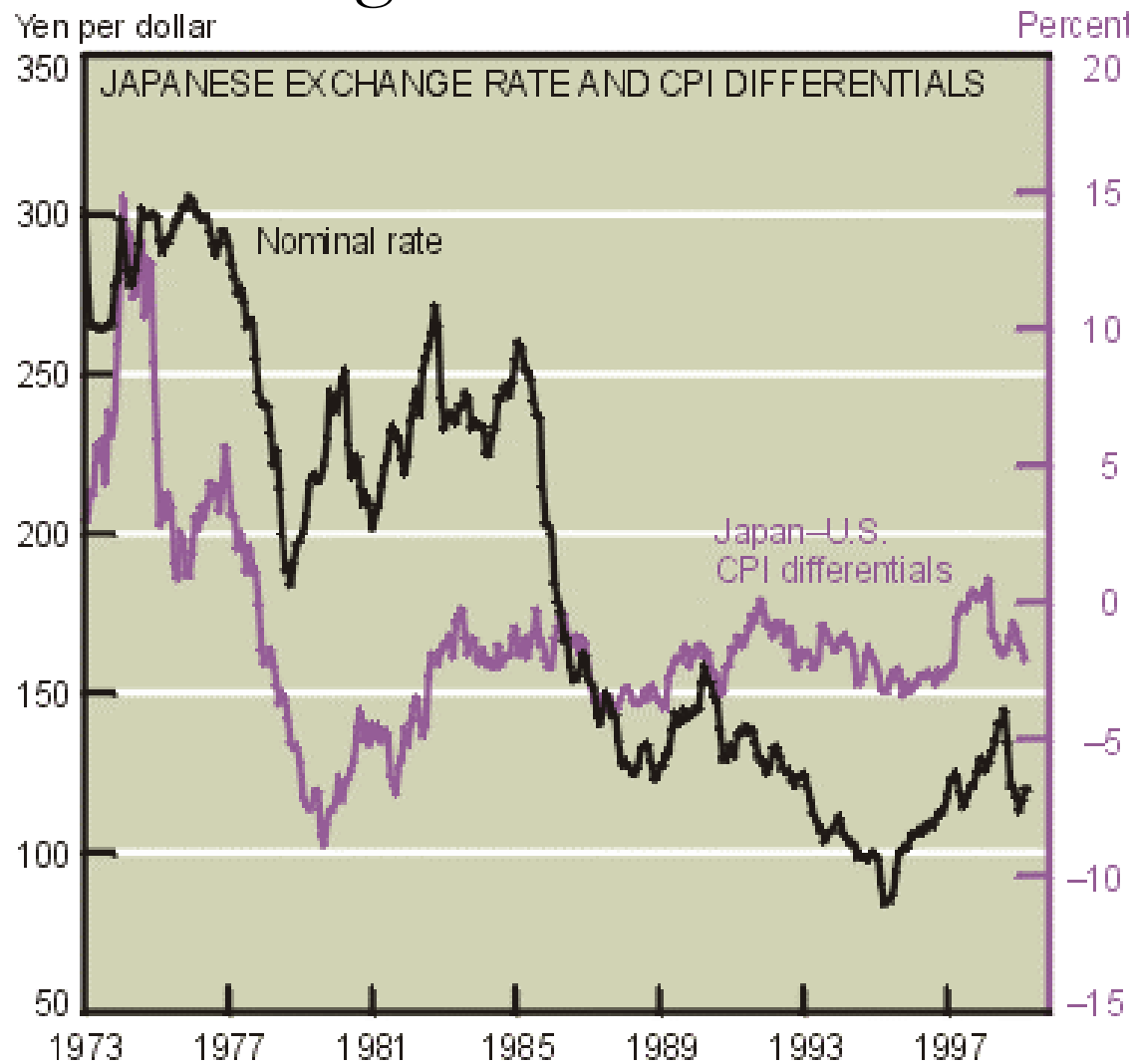
Latin America



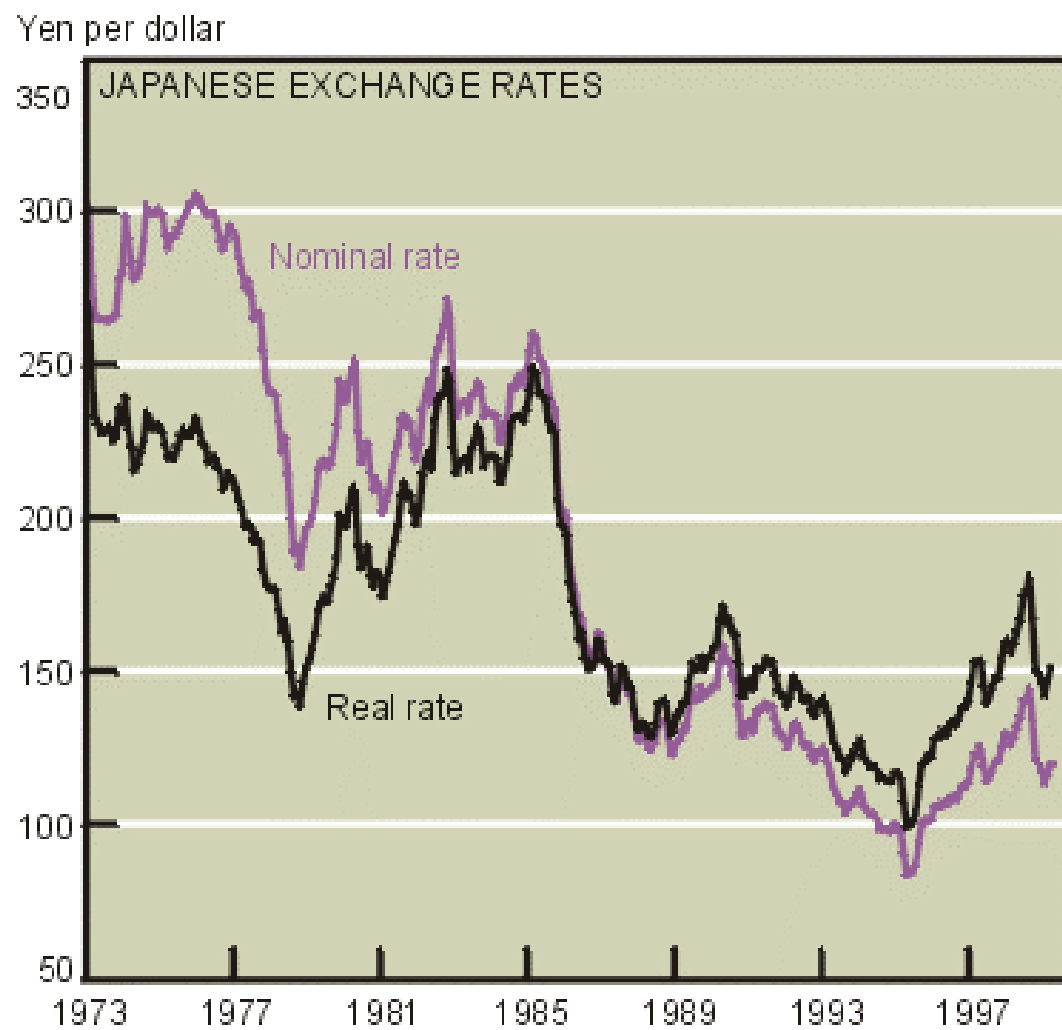
Source: Institute of International Finance

*Forecast

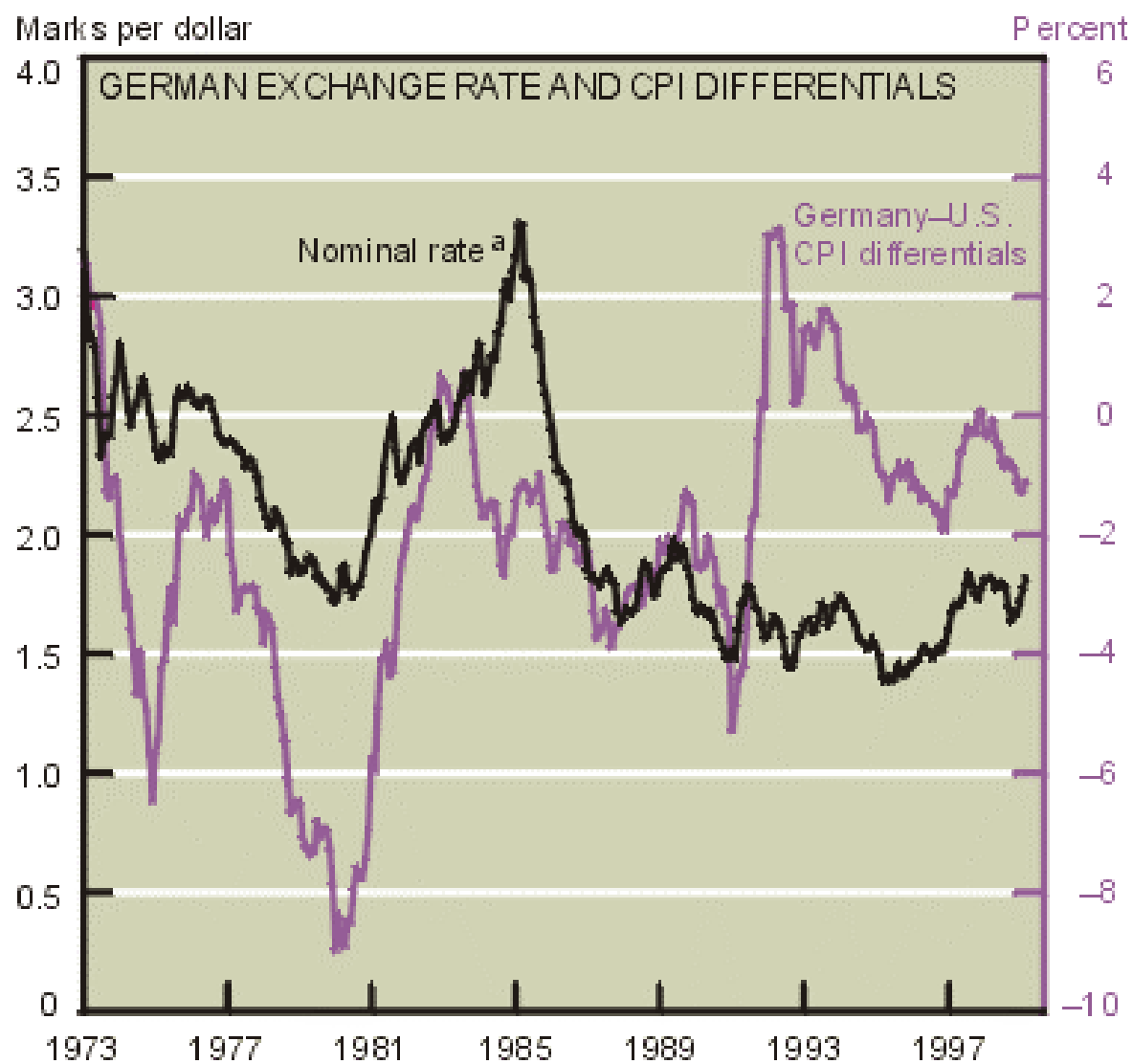
Japanese Exchange Rate and CPI differentials



Japanese Exchange Rates



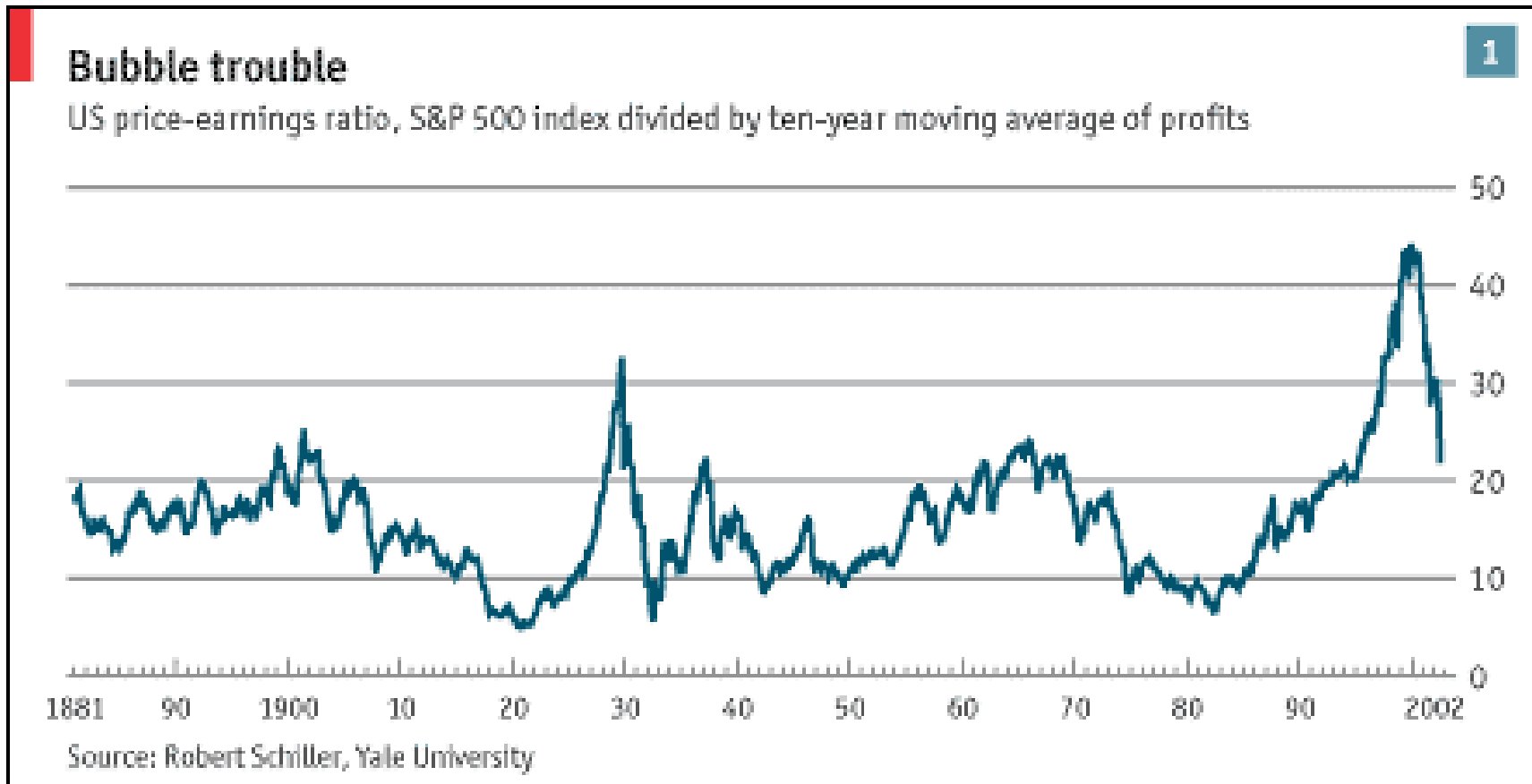
German Exchange Rate and CPI Differentials



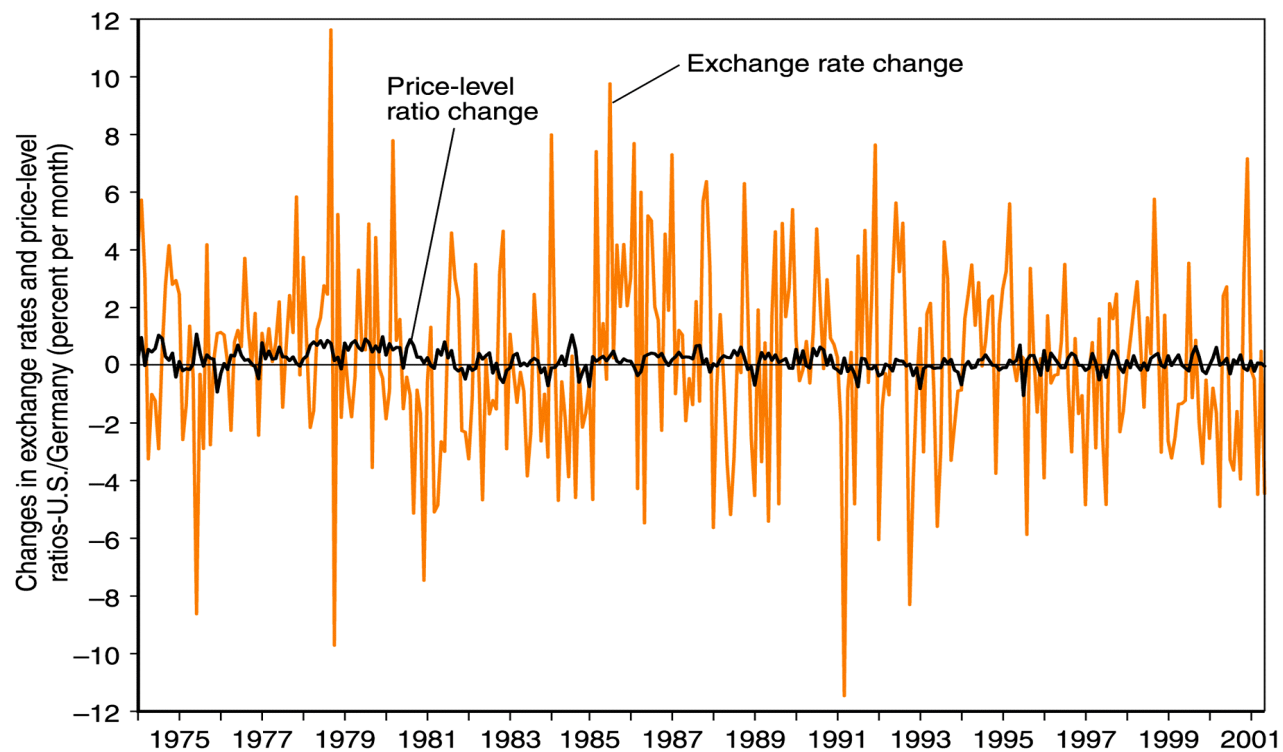
German Exchange Rates



Bubble in Asset Prices



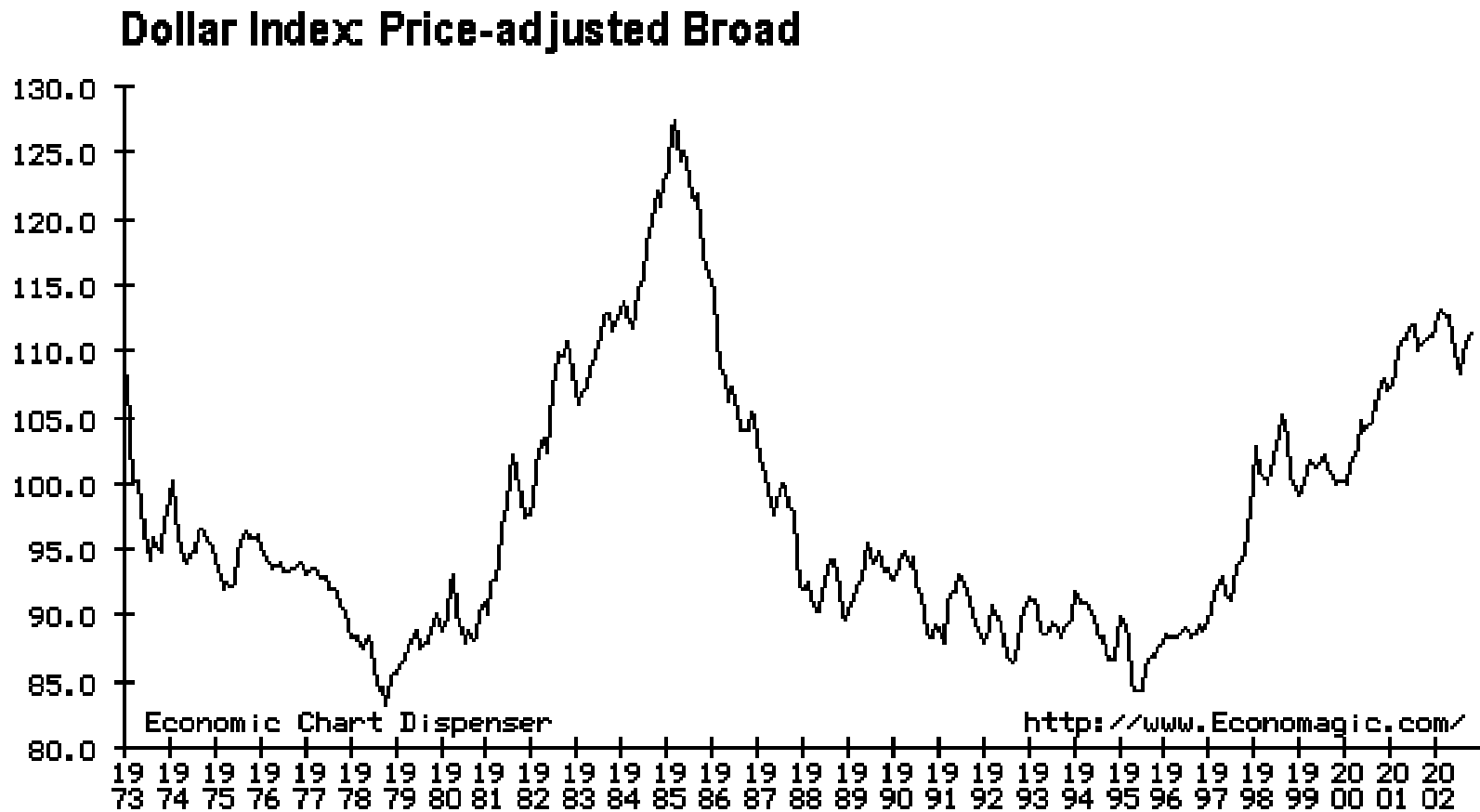
Exchange Rates and Relative Price Levels



The much greater month-to-month variability of the exchange rate suggests that price levels are relatively sticky in the short run.

Source: OECD, *Main Economic Indicators*.

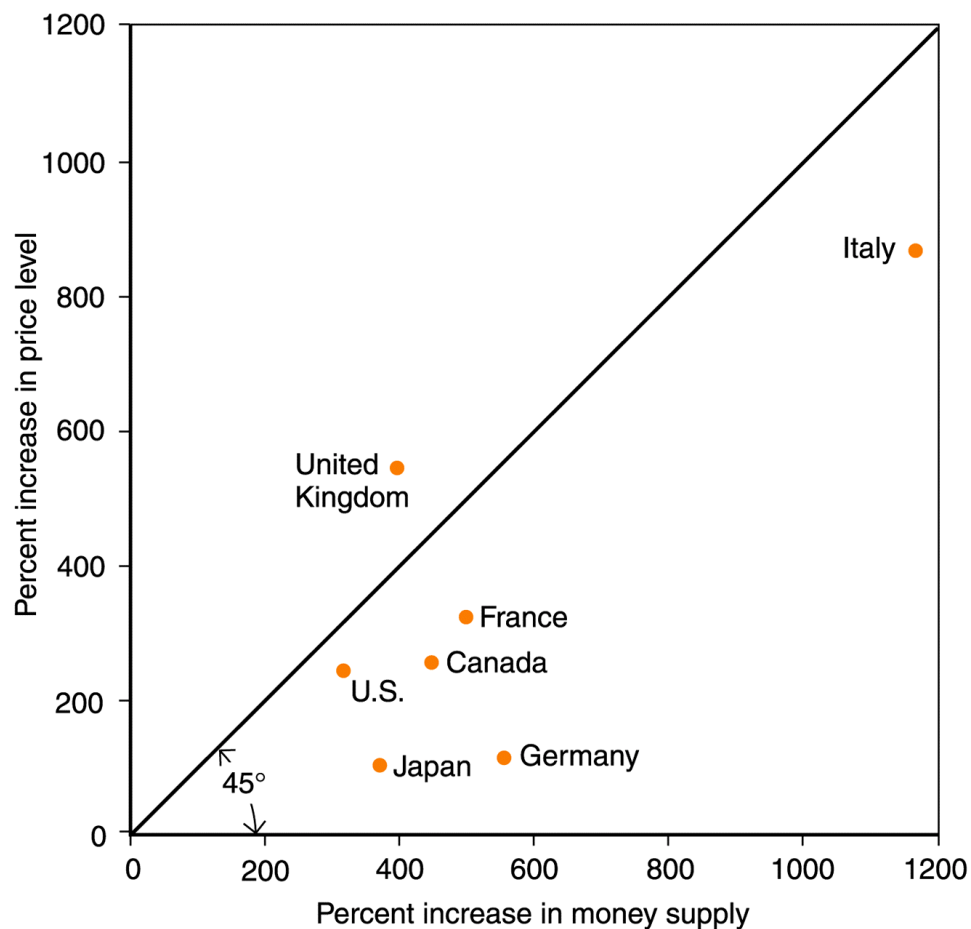
Real Exchange Rate



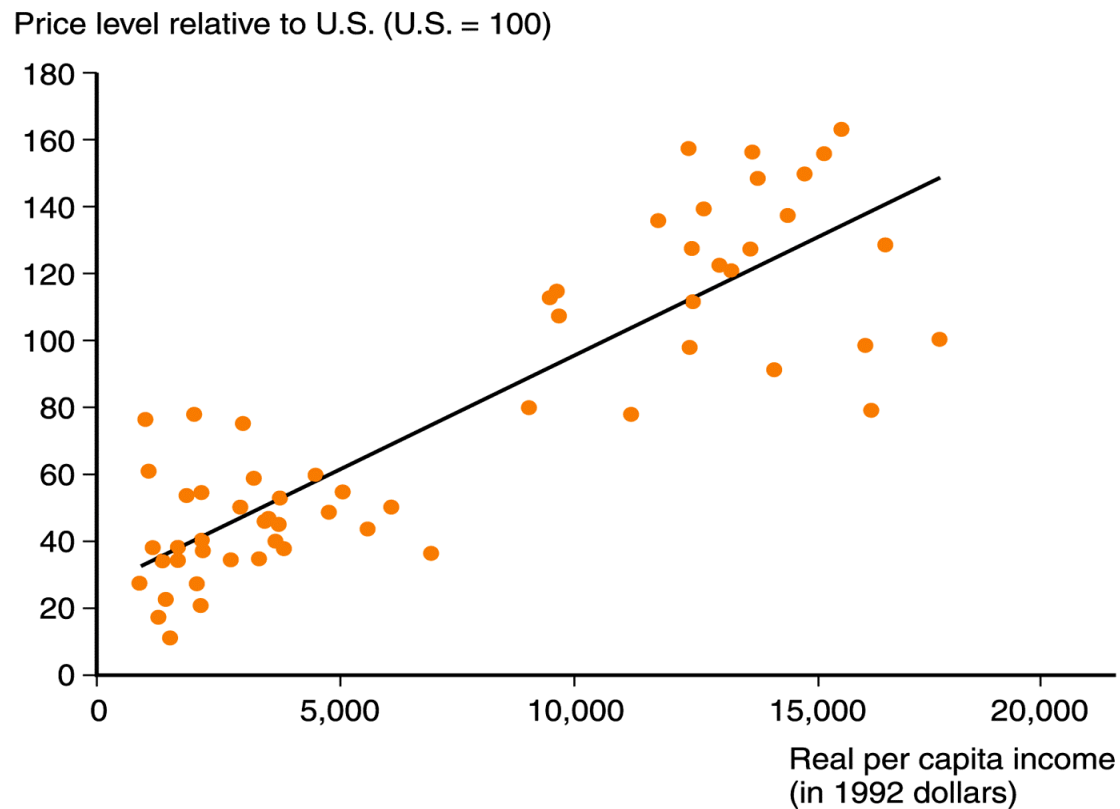
Prices and Exchange Rates in the Long Run

In a cross-section of countries, long-term changes in money supplies and price levels show a clear positive correlation. (The diagonal line indicates exactly proportional changes in money supplies and price levels.)

Source: OECD, *Main Economic Indicators*, and IMF, *International Financial Statistics*.



Price Levels and Per-capita incomes



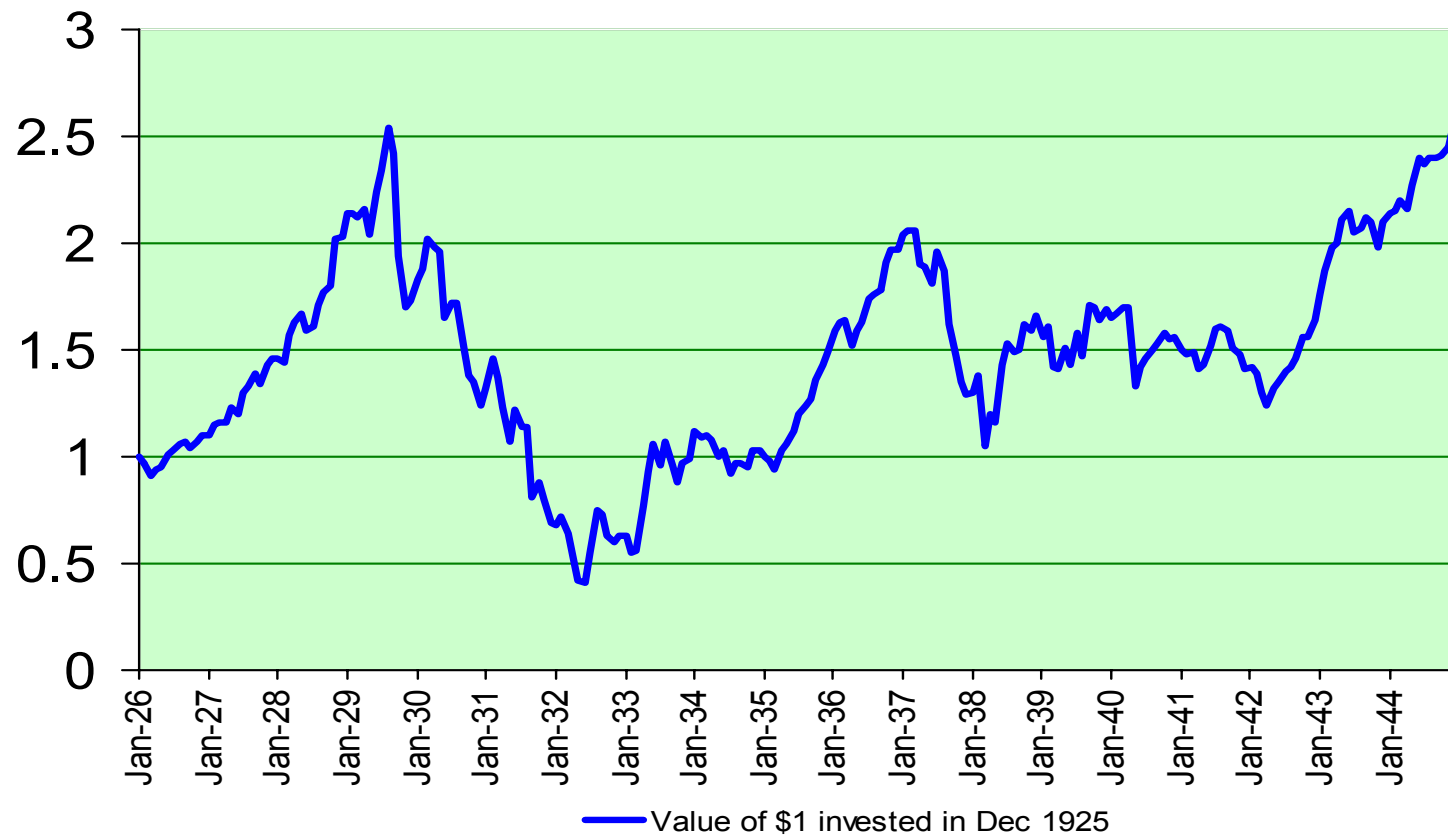
Countries' price levels tend to rise as their real incomes rise. Each dot represents a country. The straight line indicates a statistician's best prediction of a country's price level relative to the United States based on knowing its real per capita income.

6. Market Efficiency and Bubbles

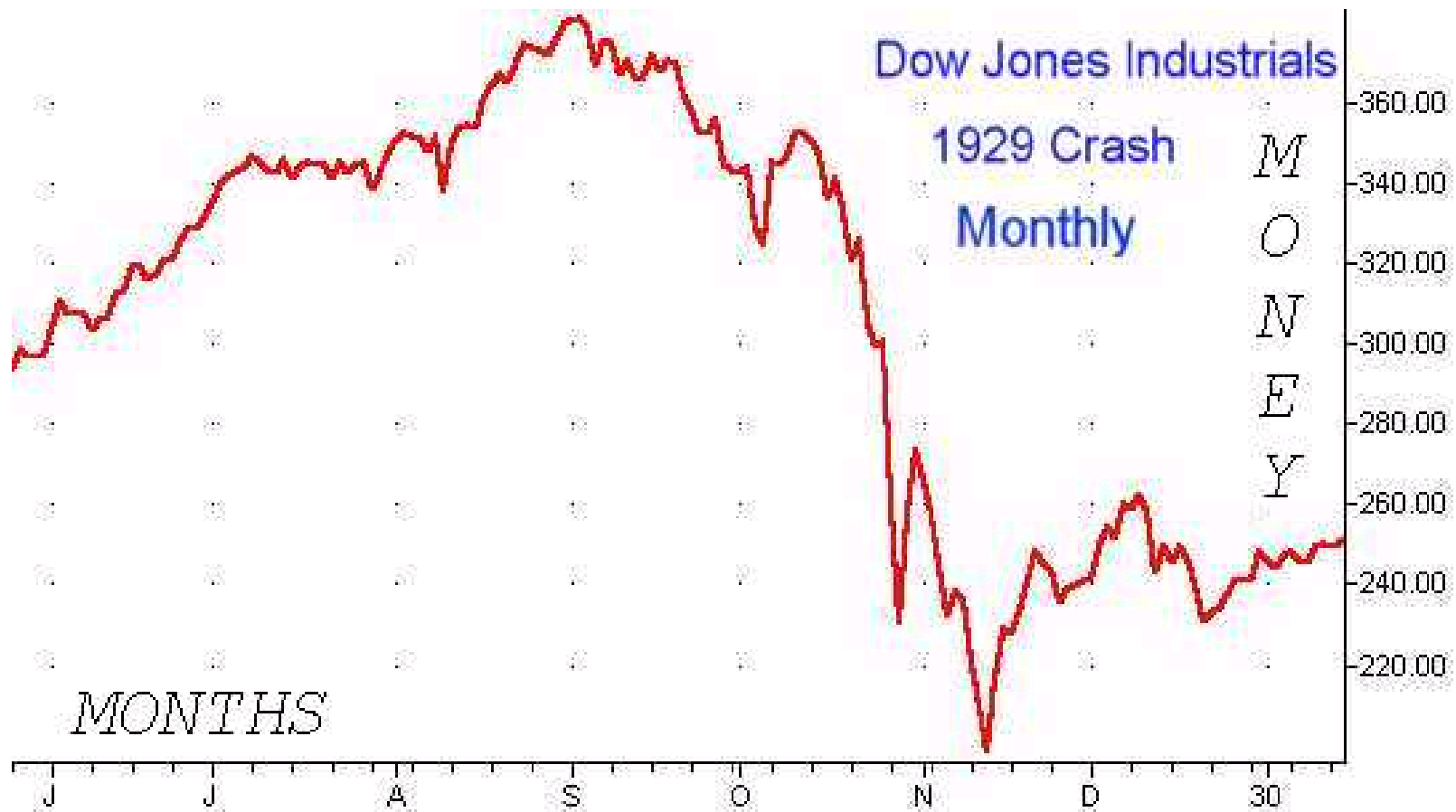
The stock market bubble of 1929:



Stock Market Bubble of 1929



Stock Market Crash of 1929



Actual versus Fitted Values

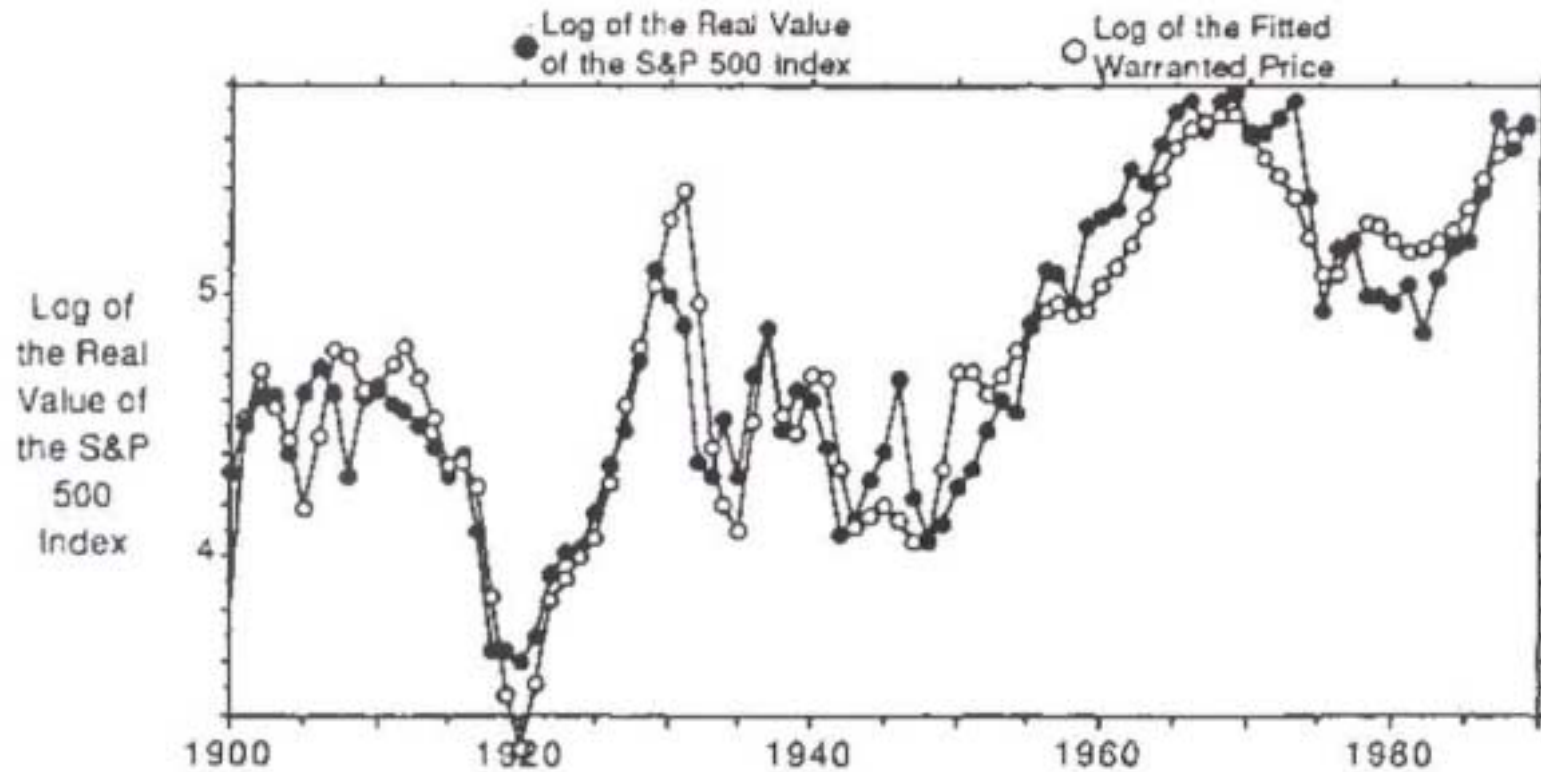


FIGURE 4

ACTUAL AND FITTED REAL STOCK INDEX VALUES

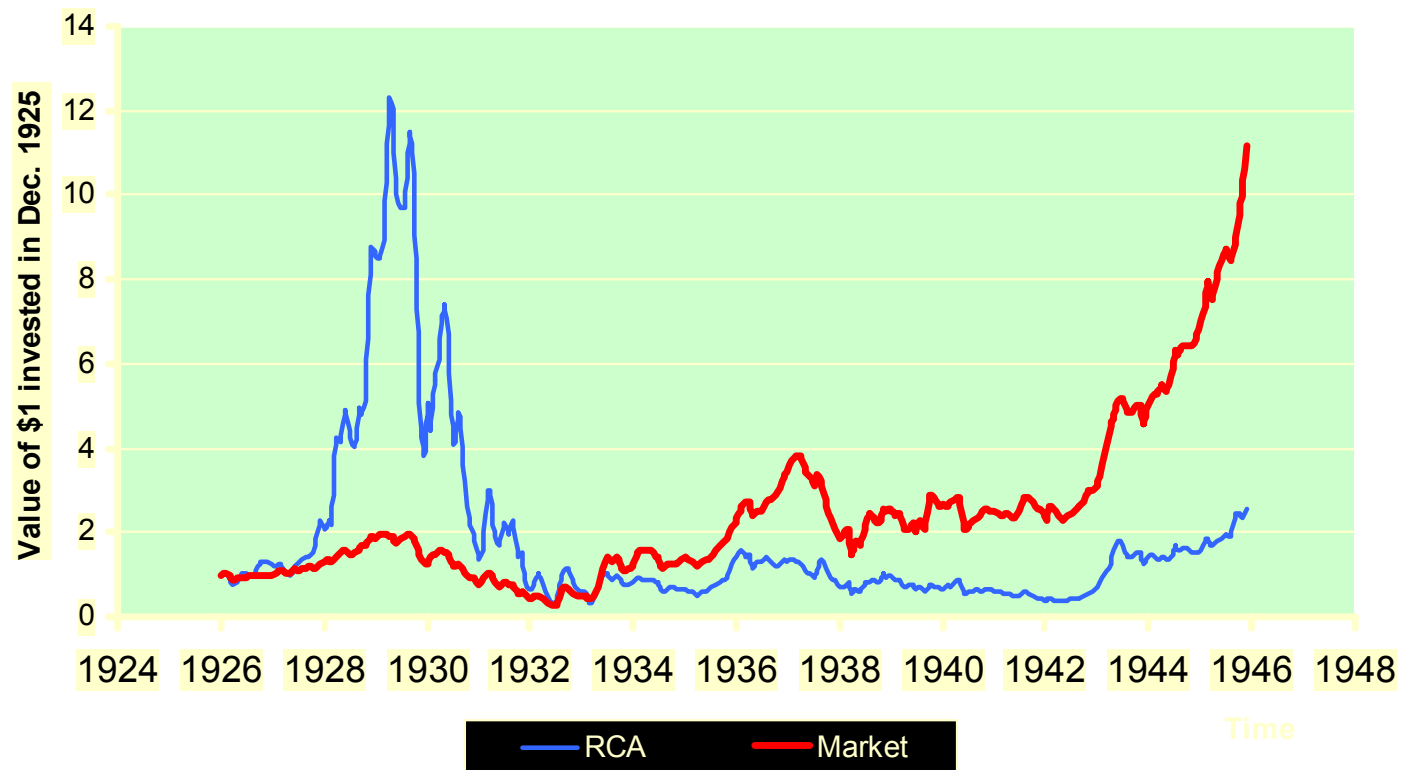
South Sea Bubble



Figure 17.1
Daily South Sea Share Prices, 1720. Data courtesy of Larry Neal.

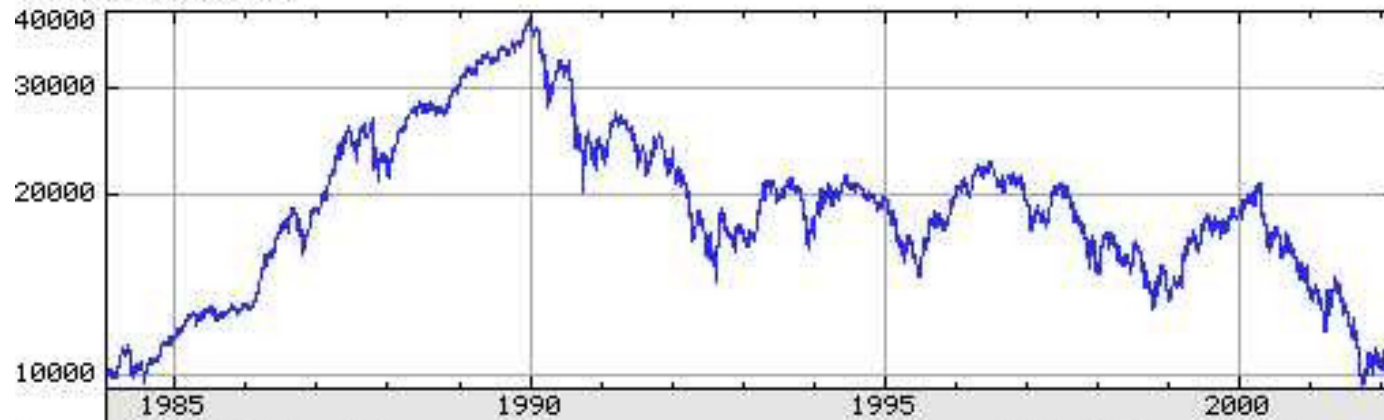
Relative RCA versus Market Performance

Relative RCA vs. Market performance: 1925-1945



Nikkei and Nasdaq Bubbles?

NIKKEI 225 INDEX (Nihon Keizai Shimbun Inc)
as of 11-Mar-2002



NAS/NMS COMPPOSITE (NASDAQ Stock Exchange)
as of 11-Mar-2002

