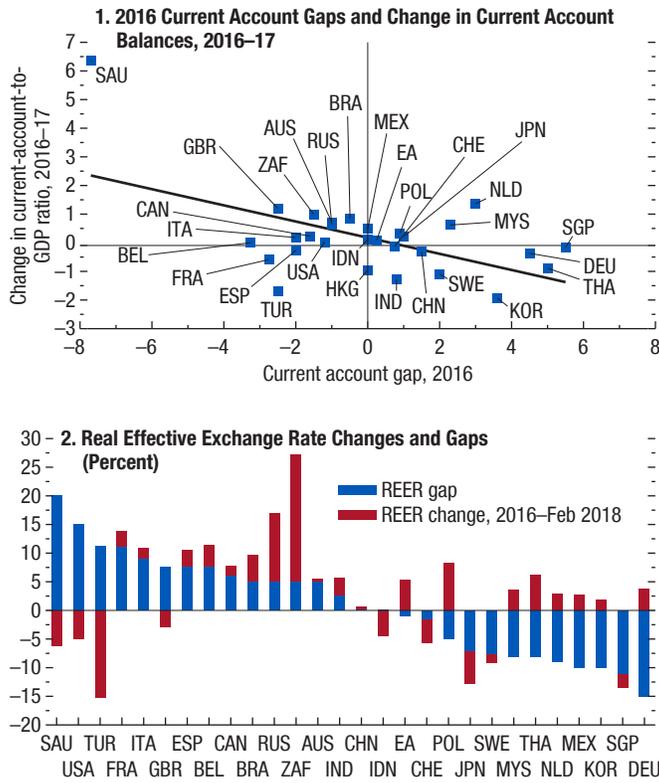


**Figure 1.17. Real Exchange Rates and Current Account Balances in Relation to Economic Fundamentals**

In 2017, current account balances moved modestly in directions consistent with reducing 2016 excess imbalances. Relative to 2016, real effective exchange rates have also moved slightly in a direction consistent with narrowing 2016 exchange rate gaps.



Source: IMF staff calculations.  
 Note: Data labels use International Organization for Standardization (ISO) country codes. EA = euro area; REER = real effective exchange rate.