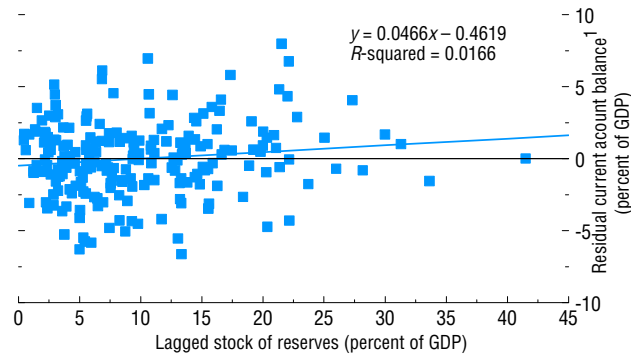
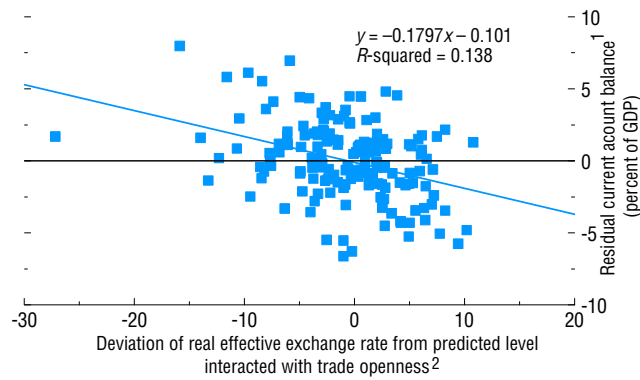


**Figure 6.12. Residual Current Account Balance, Deviation of Real Effective Exchange Rate from Predicted Level and Stock of Reserves**

*(Percent of GDP unless noted otherwise)*

A low exchange rate and a high stock of reserves, possibly reflecting preferences for reserve accumulation, are associated with a higher residual current account balance.



Sources: IMF, *Balance of Payments Statistics*; IMF, *International Financial Statistics*; Lee and others (2008); and IMF staff calculations.

<sup>1</sup>The residual current account balance is the unexplained current account balance once structural factors are accounted for, based on the regression in column e of Table 6.1.

<sup>2</sup>Trade openness is measured as the ratio of the sum of exports and imports (adjusted for trade in intermediates) to GDP.