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.

\[ y = -0.1797x - 0.101 \]
\[ R^2 = 0.138 \]

\[ y = 0.0466x - 0.4619 \]
\[ R^2 = 0.0166 \]


1 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.

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