Model Simulations
(Deviations from control; x-axis in quarters)

Housing Shock Only  Housing and Premium Shocks

- Exchange rate peg
- Inflation targeting (IT)

GDP (percent deviation)

- Exchange rate peg
- IT: 75 percent of debt in foreign currency
- IT: No debt in foreign currency

Inflation (percentage point deviation)

Trade Balance to GDP (percentage point deviation)

Nominal Exchange Rate (percent deviation)

Real Exchange Rate (percent deviation)

Consumer Lending Rate (percentage point deviation)

Source: IMF staff estimates.