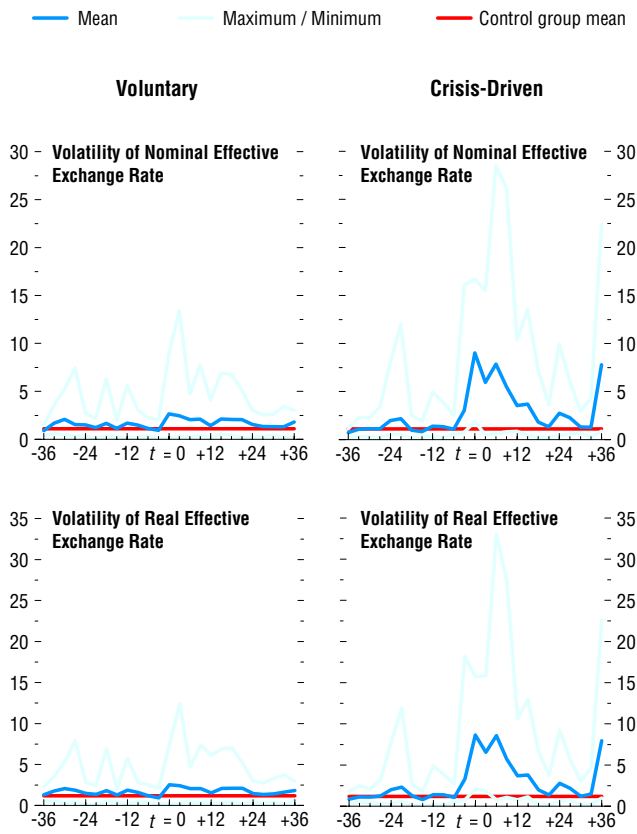


Figure 2.11. Volatility of Exchange Rate¹
(t = 0 is month of transition)

The volatility of real and nominal exchange rates increased in the period immediately after a voluntary transition but returned to pretransition levels soon thereafter.



Source: IMF staff calculations.

¹Volatility is measured as the standard deviation of the monthly growth rate of the exchange rate over the last three months, averaged across transition cases. The control group represents countries whose exchange rate regimes are the same as the starting regimes of transitioning countries in periods that are not within three years of a transition.