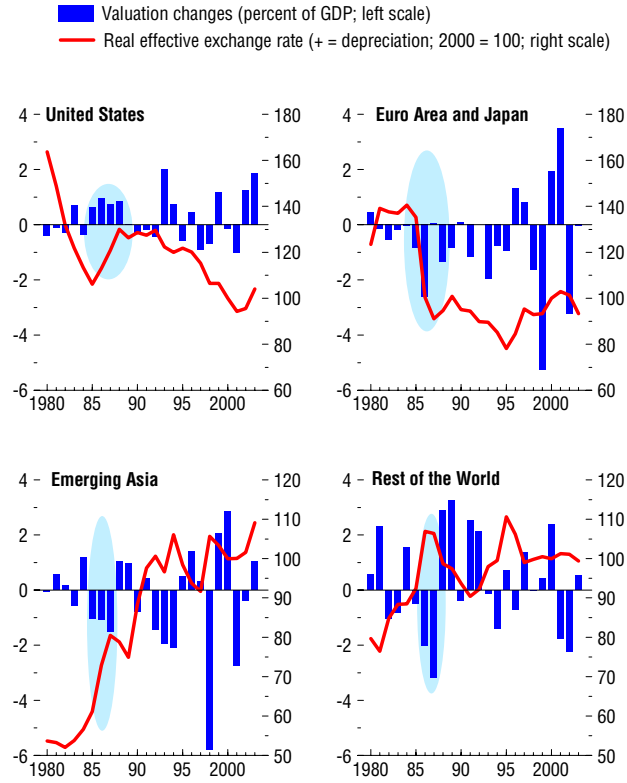


Figure 3.7. Valuation Changes in Net Foreign Assets and Real Effective Exchange Rates

Valuation effects on net foreign assets facilitated the external adjustment in the mid-1980s (as indicated by the ellipses).



Sources: IMF, *Balance of Payments Statistics*; Lane and Milesi-Ferretti (2005b); and IMF staff calculations.