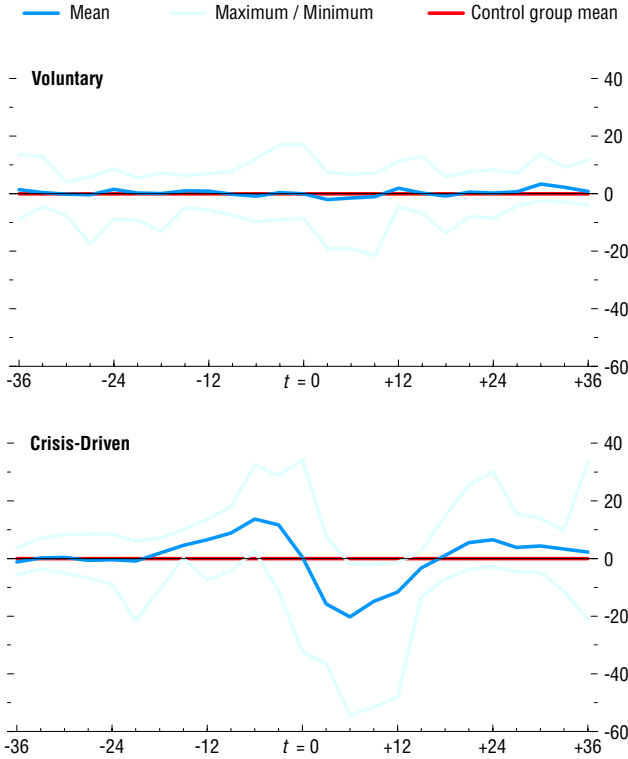


**Figure 2.10. Real Effective Exchange Rate Overvaluation<sup>1</sup>**  
*(Percent deviation from trend; t = 0 is month of transition)*

By contrast with crisis-driven transitions, voluntary transitions were generally not associated with previously over- or undervalued exchange rates.



Source: IMF staff calculations.  
<sup>1</sup>Real exchange rate overvaluation is calculated using the percentage difference between the actual real effective exchange rate (REER) and the Hodrick-Prescott filter of the REER. 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.