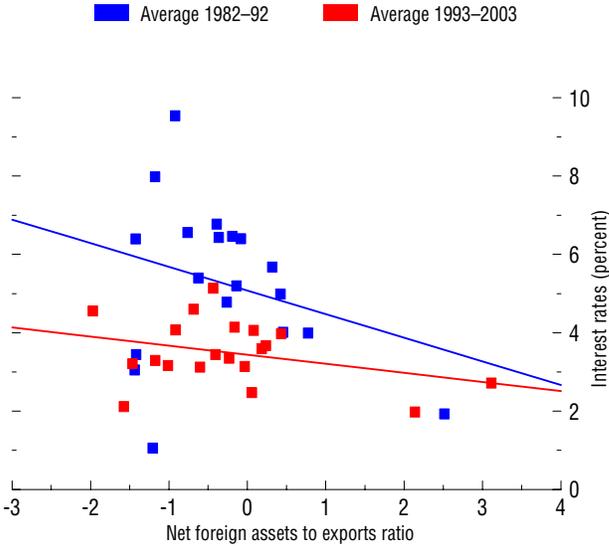


Figure 3.4. Industrial Countries: Long-Term Real Interest Rates and Net Foreign Assets¹

In industrial countries, during the past decades, the relationship between real interest rates and net foreign assets has weakened, as investors appear more willing to hold foreign assets.



Sources: IMF, *International Financial Statistics*; Lane and Milesi-Ferretti (2005b); and IMF staff calculations.

¹ Real interest rate calculated as nominal long-term interest rate at end of year t minus the actual inflation rate at end of year $t + 1$.