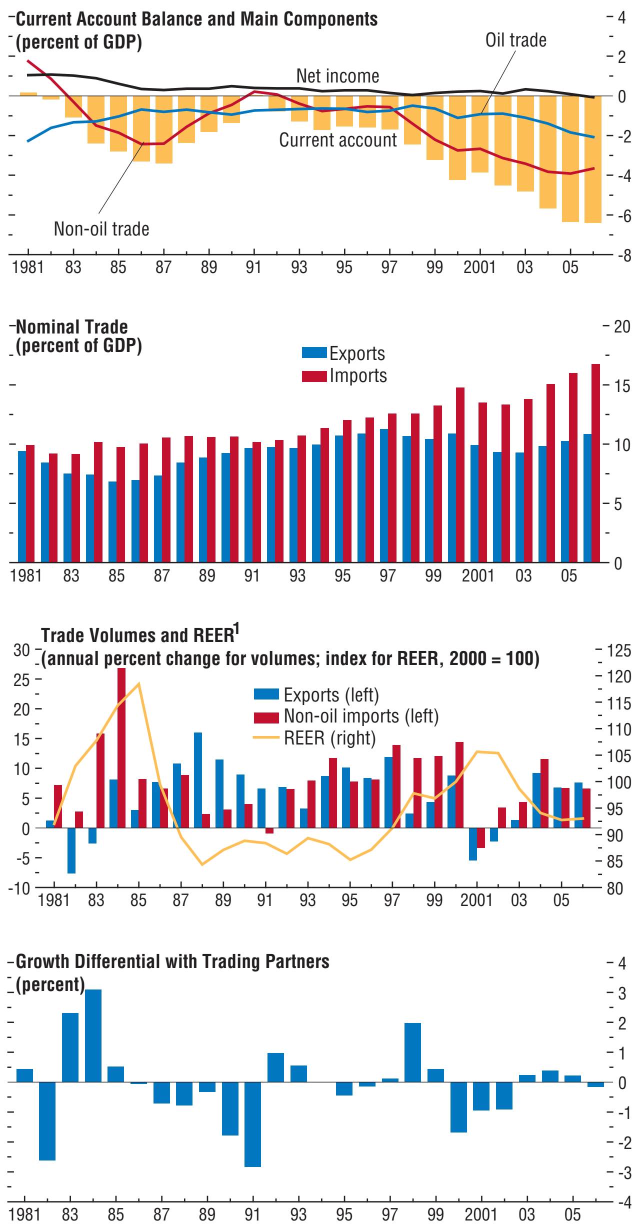
Figure 3.10. United States: Trade Flows, Real Effective Exchange Rate (REER), and Growth Differential with Trading Partners

The U.S. dollar REER depreciation since 2002 has positively affected export volumes. Import volume growth has remained strong though, partly reflecting positive growth differential with trading partners until 2005.



Sources: IMF, *International Financial Statistics;* OECD, *Economic Outlook* (2006); OECD, Analytical Database; World Bank, *World Development Indicators* (2006); and IMF staff calculations.

[1]An increase in the REER index represents a real appreciation while a decrease represents a real depreciation of the U.S. dollar relative to its trading partners.