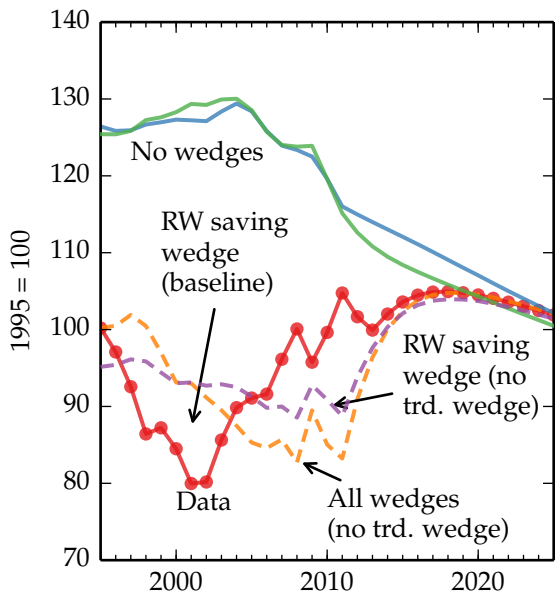
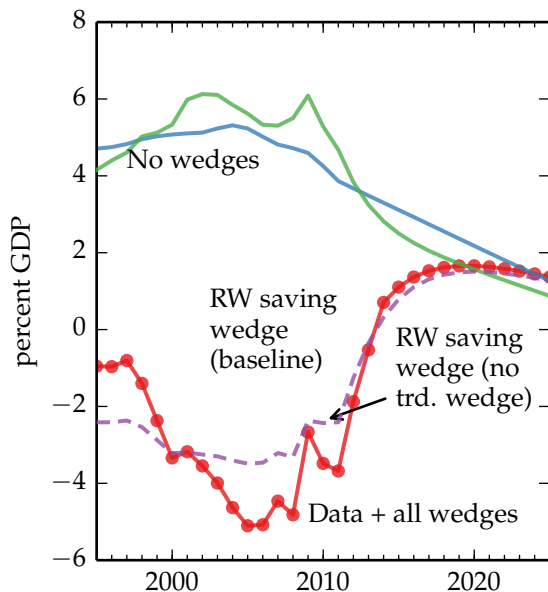


(a) US real exchange rate



(b) US trade balance



Notes: Panel (a) plots the observed U.S. real exchange rate (solid red), the exchange rate with no wedges (solid blue), the exchange rate in the no-trade-wedge version of the analysis (dashed yellow), the exchange rate implied by the rest of the world's saving wedge in the baseline (solid green) and no-trade-wedge (dashed purple) versions of the analysis. Panel (b) presents a similar plot for the U.S. trade balance; both versions of the model match the trade balance data exactly, however, so there is one less line.