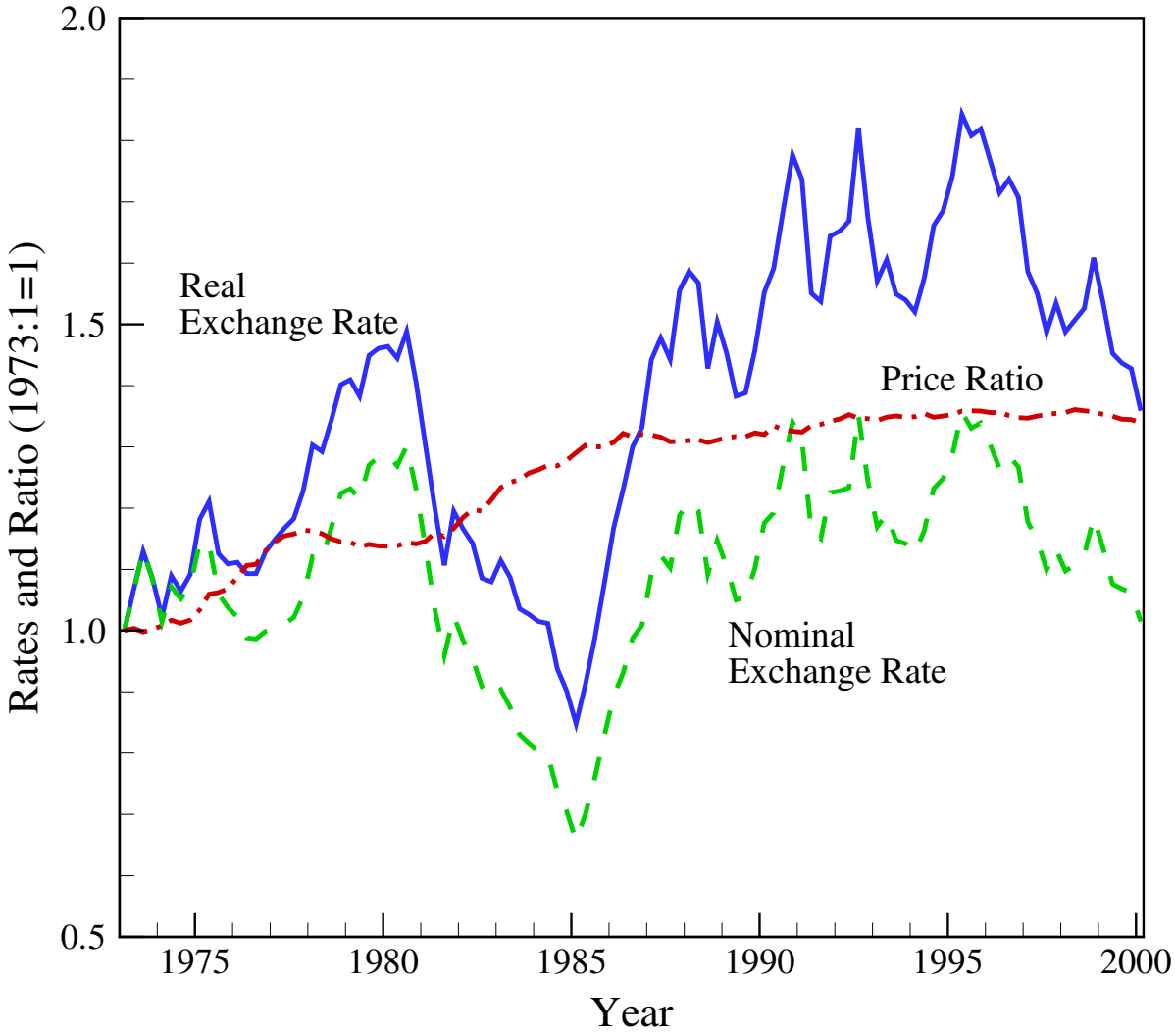
Figure 1

Exchange rates and price ratio
between the United States and Europe



Source of basic data: IMF and OECD

NOTE: The real exchange rate is eP^*/P, where the nominal exchange rate e is the U.S. dollar price of a basket of European currencies, P^* is an aggregate of European CPIs, and P is the U.S. CPI. The price ratio is P^*/P.