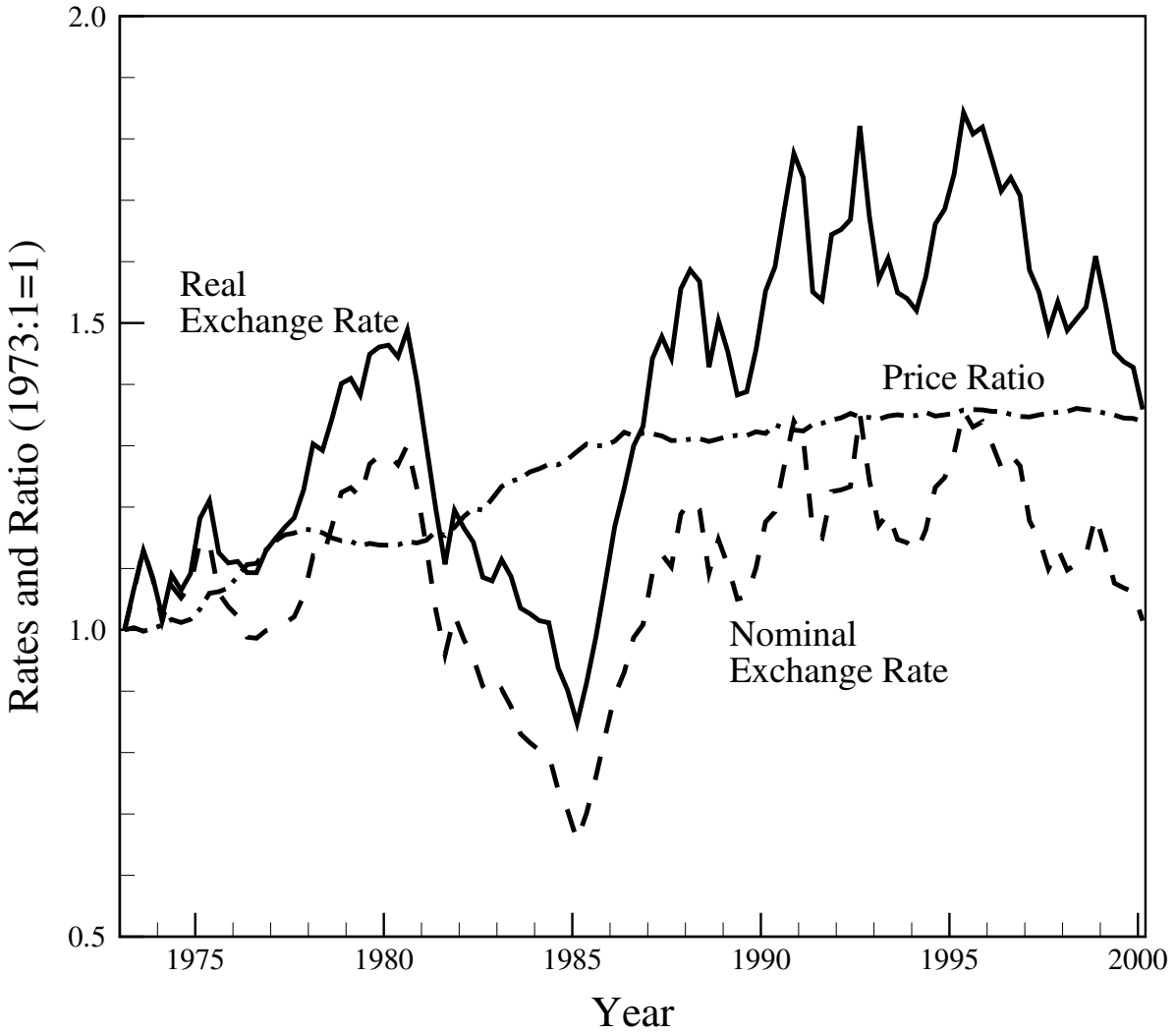
# Figure 1

Exchange rates and the price ratio
between the United States and Europe
Quarterly, 1973-2000




Sources 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 $P^*/P$.