



## **Estimates of Fundamental Equilibrium Exchange Rates for October, 2019**

William R. Cline<sup>1</sup>  
September, 2020

Annual or semi-annual estimates in my series of Fundamental Equilibrium Exchange Rates (FEERs) are available to the public for 2008 through 2018.<sup>2</sup> Subsequent estimates are available to clients on a bespoke basis. This note presents FEERs estimates that would have been calculated using October 2019 as the base month if there had been a report in November, the usual timing of past issues applying the current account projections of the International Monetary Fund in its annual October issue of the World Economic Outlook.

Tables 1 and 2 provide the standard calculations in this series. For a discussion of the methodology related to the tables, see as an example pages 10-15 of the November 2018 FEERs report, available [HERE](#).

---

<sup>1</sup> President, Economics International Inc.

<sup>2</sup> See the final section of the Publications page at the Economics International Inc. website:  
<https://econintl.com/publications/>

Table 1: Target Current Accounts (CA) for 2024

<b>Country</b>	<b>IMF Projection of 2019 CA</b> <small>(percent of GDP)</small>	<b>IMF 2024 GDP forecast</b> <small>(billions of US dollars)</small>	<b>IMF 2024 CA forecast</b> <small>(percent of GDP)</small>	<b>Adjusted 2024 CA</b> <small>(percent of GDP)</small>	<b>Target CA</b> <small>(percent of GDP)</small>
<b>Pacific</b>					
Australia	-0.3	1,670	-1.9	-1.9	-1.9
New Zealand	-4.1	272	-4.3	-4.0	-3.0
<b>Asia</b>					
China	1.0	20,979	0.4	0.3	0.3
Hong Kong	5.5	465	4.0	4.2	3.0
India	-2.0	4,632	-2.5	-2.6	-2.6
Indonesia	-2.9	1,596	-2.5	-2.5	-2.5
Japan	3.3	6,260	3.7	3.8	3.0
Korea	3.2	1,988	2.9	2.5	2.5
Malaysia	3.1	505	0.9	1.0	1.0
Philippines	-2.0	548	-1.9	-2.1	-2.1
Singapore	16.5	441	15.0	15.0	3.0
Taiwan	11.4	746	8.0	7.6	3.0
Thailand	6.0	700	3.7	3.5	3.0
<b>Middle East/Africa</b>					
Israel	2.4	512	2.5	2.6	2.6
Saudi Arabia	4.4	903	-1.8	-1.6	-1.6
South Africa	-3.1	434	-4.7	-4.9	-3.0
<b>Europe</b>					
Czech Republic	-0.1	322	-0.7	-0.5	-0.5
Euro area	2.8	15,950	2.2	2.3	2.3
Hungary	-0.9	222	0.0	0.4	0.4
Norway	6.9	469	5.9	6.2	6.2
Poland	-0.9	777	-2.1	-2.2	-2.2
Russia	5.7	1,940	3.2	3.0	3.0
Sweden	2.9	670	2.4	2.6	2.6
Switzerland	9.6	891	9.8	7.2	3.0
Turkey	-0.6	1,099	-1.9	-2.0	-2.0
United Kingdom	-3.5	3,150	-3.7	-4.1	-3.0
<b>Western Hemisphere</b>					
Argentina	-1.2	580	-1.6	-1.4	-1.4
Brazil	-1.2	2,296	-1.6	-1.5	-1.5
Canada	-1.9	2,238	-1.6	-1.7	-1.7
Chile	-3.5	385	-1.7	-1.6	-1.6
Colombia	-4.2	427	-3.7	-3.7	-3.0
Mexico	-1.2	1,579	-2.0	-2.4	-2.4
United States	-2.5	25,793	-2.3	-2.2	-2.2
Venezuela	7.0	60	3.5	3.3	3.3

Table 2: Results of the simulation: FEERs estimates

Country	Changes in Current Account as Percentage of GDP		Change in REER (percent)		Dollar Exchange Rate		FEER-consistent dollar rate
	Target Change	Change in Simulation	Target Change	Change in Simulation	Oct 2019	Percentage Change	
<b>Pacific</b>							
Australia*	0.0	0.2	0.0	-1.0	0.68	1.9	0.69
New Zealand*	1.0	1.2	-4.0	-4.9	0.63	-2.6	0.62
<b>Asia</b>							
China	0.0	0.2	0.0	-1.0	7.10	1.3	7.00
Hong Kong	-1.2	-0.9	2.3	1.8	7.84	4.7	7.49
India	0.0	0.2	0.0	-0.9	71.0	0.7	70.6
Indonesia	0.0	0.2	0.0	-0.9	14119	4.1	13567
Japan	-0.8	-0.7	5.2	4.3	108	6.3	102
Korea	0.0	0.3	0.0	-0.8	1184	1.6	1165
Malaysia	0.0	0.5	0.0	-1.0	4.19	4.5	4.01
Philippines	0.0	0.2	0.0	-0.8	51.5	3.6	49.7
Singapore	-12.0	-11.4	23.9	22.9	1.37	25.5	1.09
Taiwan	-4.6	-4.3	10.7	9.8	30.7	12.7	27.2
Thailand	-0.5	-0.1	1.0	0.1	30.4	3.3	29.4
<b>Middle East/Africa</b>							
Israel	0.0	0.2	0.0	-0.6	3.52	0.5	3.50
Saudi Arabia	0.0	0.3	0.0	-0.7	3.75	1.5	3.69
South Africa	1.9	2.1	-7.0	-7.6	14.92	-6.3	15.93
<b>Europe</b>							
Czech Republic	0.0	0.3	0.0	-0.5	23.2	-0.7	23.4
Euro area*	0.0	0.3	0.0	-1.2	1.11	-0.5	1.10
Hungary	0.0	0.2	0.0	-0.5	300	-0.6	302
Norway	0.0	0.2	0.0	-0.6	9.15	-1.0	9.24
Poland	0.0	0.2	0.0	-0.6	3.89	-0.9	3.93
Russia	0.0	0.2	0.0	-0.6	64.3	0.1	64.3
Sweden	0.0	0.3	0.0	-0.8	9.77	-0.9	9.87
Switzerland	-4.2	-4.0	9.5	9.0	0.99	9.4	0.91
Turkey	0.0	0.2	0.0	-0.6	5.79	-0.2	5.81
United Kingdom*	1.1	1.3	-4.4	-5.1	1.26	-4.4	1.21
<b>Western Hemisphere</b>							
Argentina	0.0	0.2	0.0	-1.1	58.32	-0.5	58.62
Brazil	0.0	0.1	0.0	-1.1	4.09	-0.2	4.10
Canada	0.0	0.1	0.0	-0.4	1.32	0.0	1.32
Chile	0.0	0.2	0.0	-0.8	721	0.2	719
Colombia	0.7	0.8	-4.2	-5.0	3433	-4.4	3591
Mexico	0.0	0.1	0.0	-0.4	19.3	0.2	19.3
United States	0.0	0.2	0.0	-1.3	1.00	0.0	1.00
Venezuela	0.0	0.2	0.0	-0.8	...	...	...

\* US dollars per currency unit

