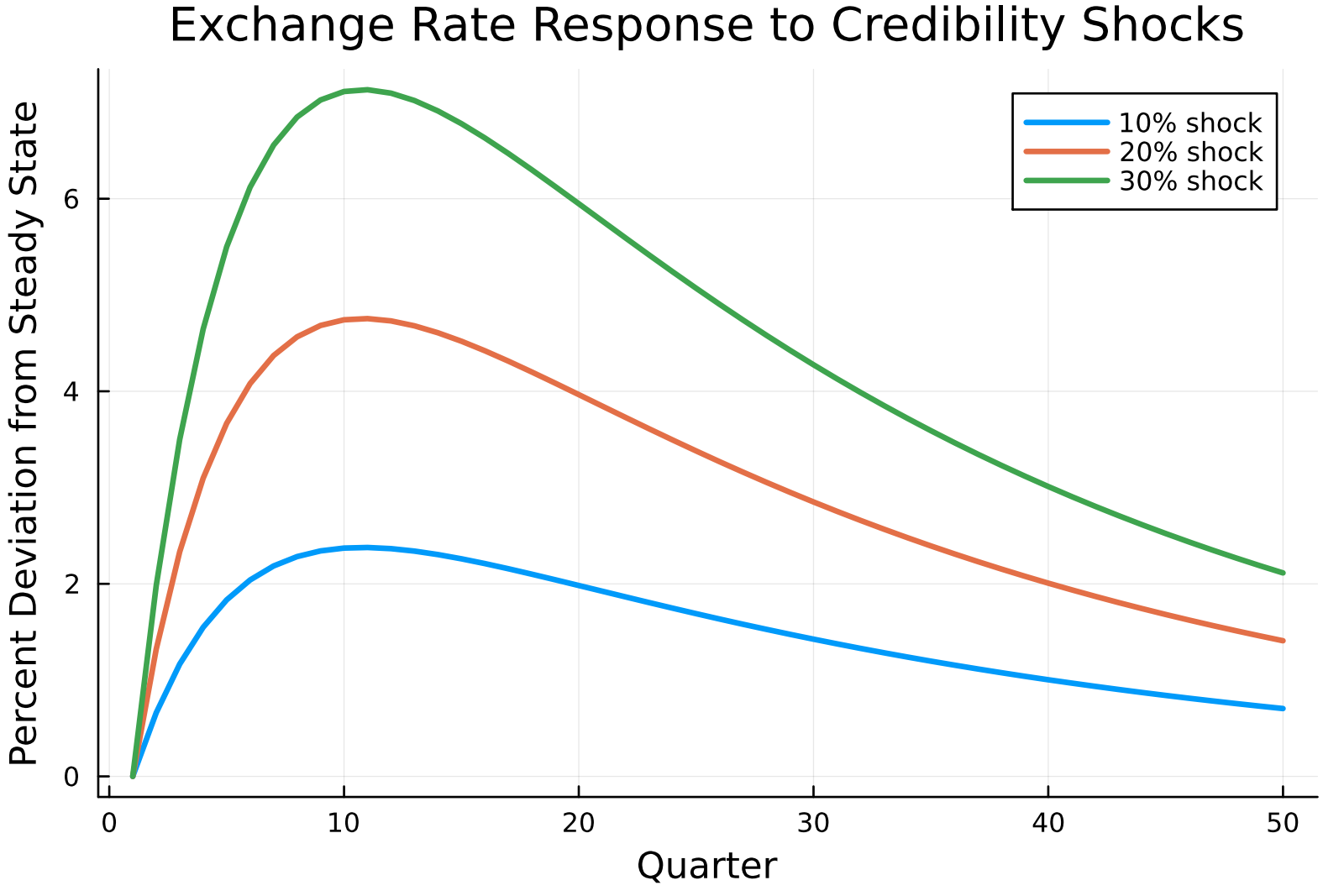
Exchange Rate Response to Credibility Shocks
Percent Deviation from Steady State
Quarter
10% shock
20% shock
30% shock
0
2
4
6
0
10
20
30
40
50