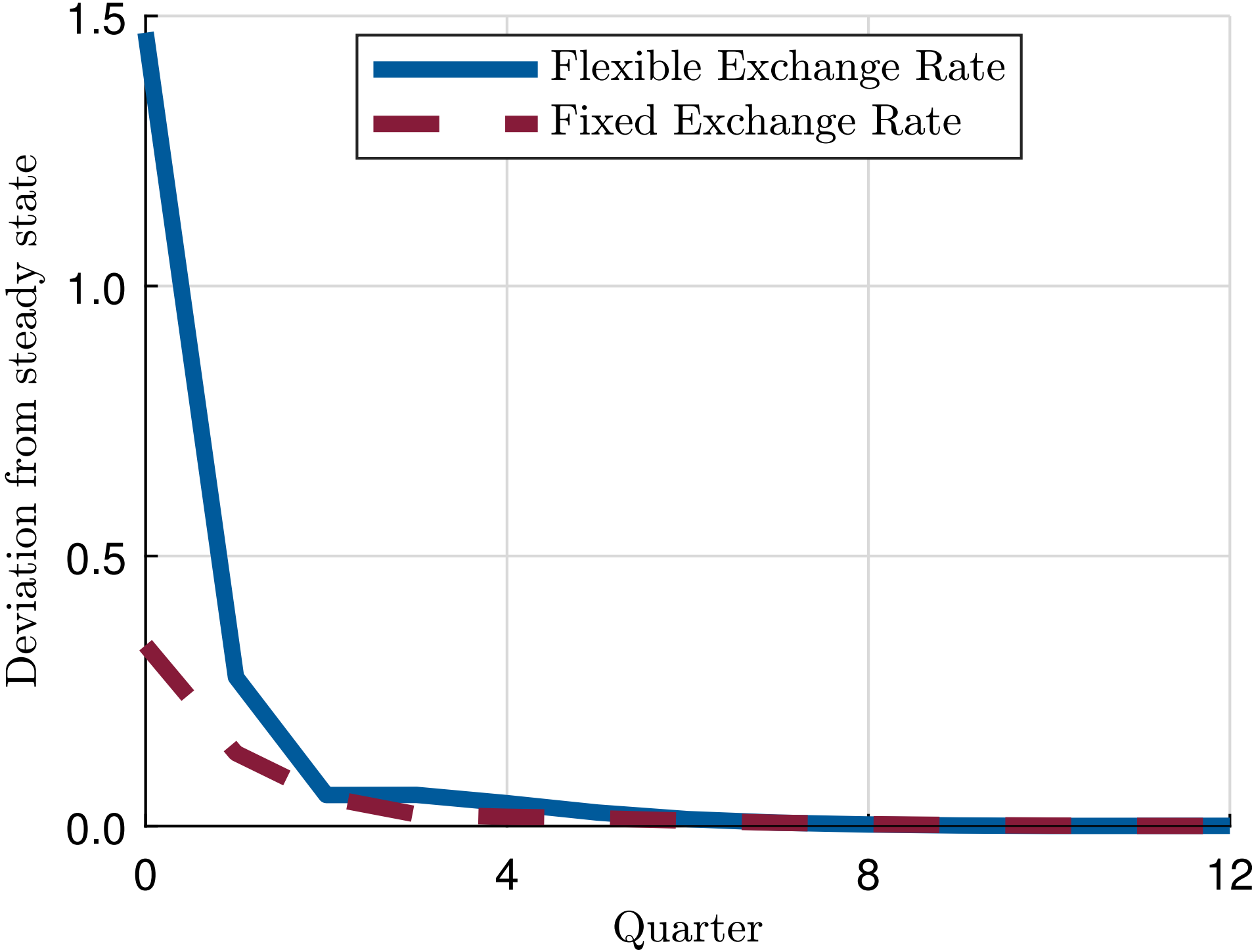
Flexible Exchange Rate
Fixed Exchange Rate
Deviation from steady state
1.5
1.0
0.5
0.0
0
4
8
12
Quarter