

Comments on Egert, Lahreche-Revil, and Lommatzsch

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- Balassa-Samuelson effect is present in transition economies
 - Balassa-Samuelson effect is NOT present in OECD?
 - Correlation between NFA and real appreciation is questioned
 - In- and -out-of sample?
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- Short time horizon
 - non-linear effect of structural change on real exchange rate development in transition economies
 - Definition of equilibrium exchange rate
 - CA development *vs.* real exchange rate development
 - CPI-to-PPI ration as a proxy for productivity gains
 - Asset models of the real exchange rate in early days of transition?
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- Would not be better to take into account only EUR to domestic currency exchange rate?
 - NFA could encompass more than just CA deficit / surpluses expressed in terms of GDP.
 - transfers
 - remittances
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- But transition economies are less indebted than OECD?
 - What about structural adjustment and fiscal problems in transition economies?
 - Could it be *currency flight*?
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...it is always nice to be in Dubrovnik and it is always nice to read Egert et. al papers.
