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Maybank

FX Insight

Of Fair Values and Tariffs

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Fast-Tracking Model Supports Our Forecasts

We start the year with a refresh of our usual Maybank-BEER panel data model to review FX misalignments, a re-look at our fast-tracking model using certain assumptions to anchor our forecasts. We also used a series of models and simulations to suggest how tariffs could impact Asian currencies.

Despite the current calm, we are wary of trade tensions that could unfold later in the 1H 2025 as Trump escalates tariff threats and rhetoric to extract concessions from other countries, likely increasing market volatility and keeping investors cautious. UST yields may still rise due to inflationary concerns from tariffs and delayed Fed rate cuts, but clarity in U.S. policy into 2H 2025 could ease yields. Under these conditions, our fast-tracking model predicts that most G10 FX will weaken in 1H 2025 before stabilizing later in the year. Notable exceptions include the JPY, which is expected to hold up before strengthening amid BOJ tightening. The EUR may continue to weaken throughout 2025 as the ECB faces strong easing pressures. In Asia, CNH weakness will weigh on regional FX, though the MYR and SGD are expected to remain resilient. The THB, IDR and PHP may all face pressure in 1H 2025 before stabilizing.

REERs Approach Equilibrium Levels, prefer to Sell AUDNZD

We refreshed the Maybank-BEER panel data model as well. As the Maybank-BEER was meant to provide a medium-term guidance for around 3 to 5 years, we looked at past exercises since start of 2020 and found that FX misalignments do correct over time. Notably, the world has been through the pandemic, a rather aggressive rate hiking cycle of the Fed and a few significant geopolitical conflicts. Regardless, the **misalignments observed in the past 5 years have reduced** and most currencies are nearer to their equilibrium levels compared to what was observed in 2020. **That said, we still note that USD is 3% overvalued while NZD remains more undervalued than peers, somewhat supporting our view that the NZD has potential to outperform the AUD as markets have already priced in aggressive easing by RBNZ while RBA has yet to start easing.**

USD and Safe-havens to Outperform, Favour JPY

We use a series of models and simulations to suggest how tariffs could impact Asian currencies. Asian currencies (ex JPY) stand to lose out on tariffs with the SGD the most resilient. From a game-theoretic perspective, the most likely outcomes are for the USD and safe-havens to be better at least in the near term. Of the safe-havens we would suggest favouring the JPY as the BOJ hikes and other central banks largely pivot to easing.

FX Misalignment Checks

Recent Market Developments

The DXY index has been trading within a range of 107-110 since the start of the year. The greenback was unable to push higher as markets had already priced in fears of further trade fragmentation, supply chain disruptions, inflation reaccelerating in the US and the possibility of US exceptionalism persisting due to Trump's policies since he won the elections in Nov 2024. On the other hand, his threats to annex Canada, take over Gaza and frequent flip-flopping on trade policies continue to keep market players on their toes and the USD, buoyant on dips.

Fed Fund futures have implied slightly less than 50bps of cut for 2025 at last check (7 Feb). A rate cut is not priced in until the Jun meeting. Fed officials seem more reticent on further easing - Fed Logan opined that interest rates may already be near neutral which would mean little need for further rate cuts even as inflation continues to cool. Meanwhile, Fed Goolsbee still looks for further rate reduction, he noted that fiscal policy uncertainty "made the environment even foggier". He expects the pace of easing to be slower.

With a 10% tariff levied on China, and potentially 25% on Canada and Mexico a month later, we may be at the cusp of a global trade war waged by Trump's administration. That said, markets are arguably calm and somewhat cautiously optimistic **at this point** that there could still be deals forged to avoid the worst case scenario. **As such, we take this small window of relative calm in markets to refresh our various FX valuation metrics in the hope of uncovering severe misalignments that could potentially provide certain trade ideas.**

Three Sections – Three Models

This report consists of three main sections using three different models.

Our Maybank fast-tracking model forecasts FX movements based on variables likely to impact them over the short to medium term. Using this model, we developed projections on our base case, anticipating heightened trade tensions in 1H 2025, followed by more policy clarity in 2H 2025. UST yields may rise initially due to inflationary concerns from tariffs and delayed Fed rate cuts before eventually declining. Under these conditions, our model estimates that most G10 FX will weaken in 1H 2025 before stabilizing later in the year. Notable exceptions include the JPY, which is expected to hold up before strengthening amid BOJ tightening. The EUR may continue to weaken throughout 2025 as the ECB faces strong easing pressures. In Asia, CNH weakness will weigh on regional FX, though the MYR and SGD are expected to remain resilient. The THB, IDR and PHP may all face pressure in 1H 2025 before stabilizing.

We refreshed the **Maybank Behavioral Effective Exchange Rate panel data model** (**Maybank-BEER**; Supplementing 3-5 Year Medium-term View) to understand the profile individual REER, to tease out certain misalignments. We found that the misalignments have reduced since 2020 and most currencies are nearer to their equilibrium levels compared to what we have seen before.

That said, we are in an environment of uncertainties. Misalignments tend to swing in volatile settings. We reckon Trump's tariff policies have one of the biggest impact on FX and thus we like to use a series of models to gauge a range in which the currencies could trade in reaction to shocks from the tariffs. We use a series of models and simulations to suggest how tariffs could impact Asian currencies. We then examine scenarios using a game-theoretic approach to determine what currencies could do better in this increasingly uncertain and challenging environment.

Maybank Fast Tracking Model Projections for 2025

Our base case has been for the most intense periods of the trade war to come during 1H 2025 as Trump threatens tariffs and ramps up his rhetoric in order to seek concessions from other countries. This is likely to lead to greater market volatility and keep investors at bay. UST yields we expect should be higher during this period as markets stay wary of the inflationary pressures of the Trump tariffs whilst the Fed similarly could delay rate cuts initially. However, we eventually see more US policy clarity to come in 2H 2025 and this would allow the UST yields to come off.

Our fast tracking model is therefore showing that most of the currencies within the G10 space and in ASEAN are likely to see peak weakness in mid-2025 before stabilizing subsequently in the second half of the year.

However, there are two exceptions to this. The first of this is the USDJPY of which the model shows that it would keep edging lower throughout the year. The reason behind the JPY's strong performance compared to its peers would be due to the divergence in monetary policy stance between the BOJ and other central banks. A virtuous wage price cycle is looking to increasingly become more established as wage and inflation data holds up well. This would back the BOJ to stay the course on a tightening cycle whilst other central banks are likely to ease. Yield differentials between Japan and other countries would narrow more favorably for the JPY.

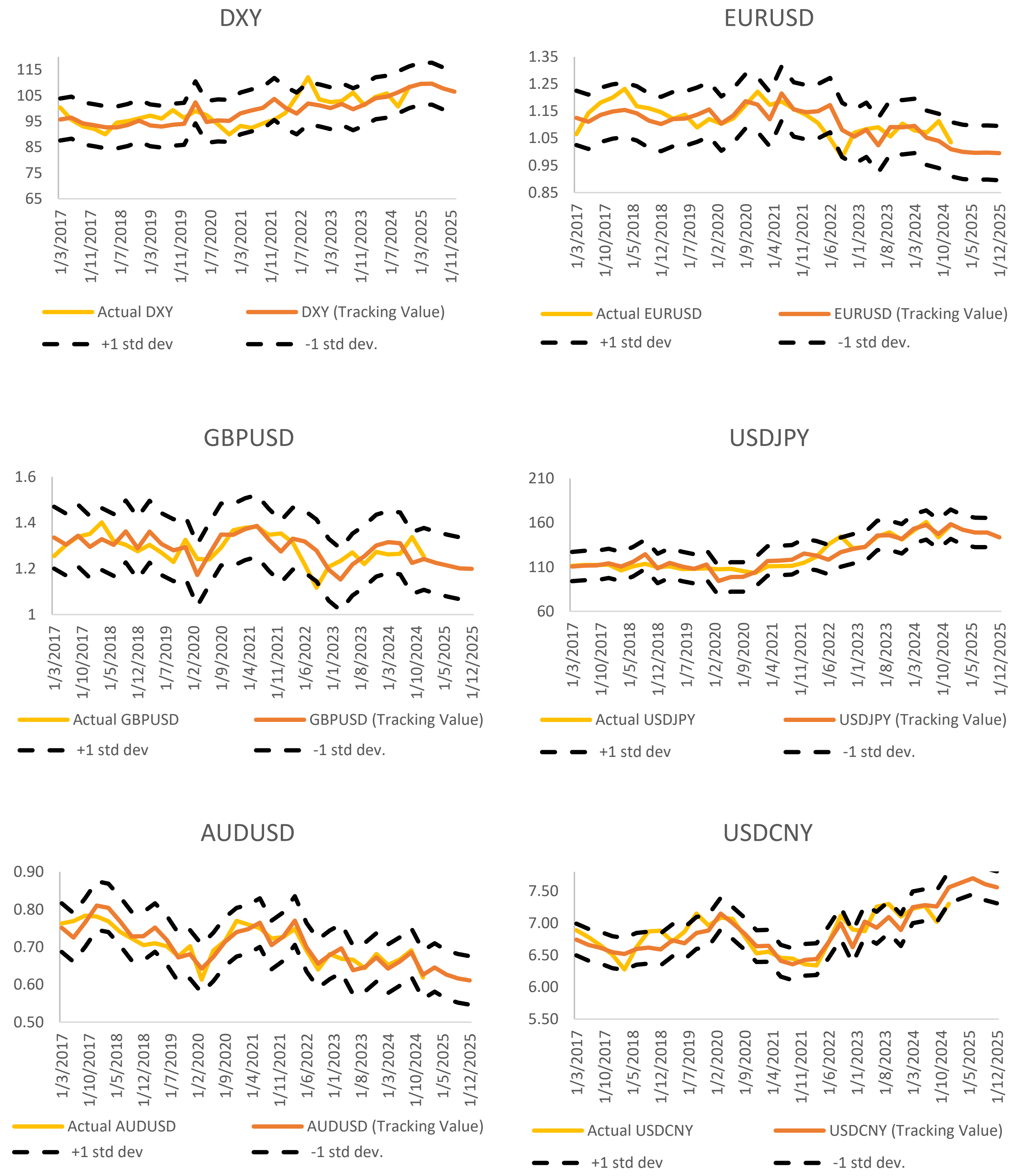
Meanwhile, the other exception would be the EURUSD, where the model shows that it could keep edging lower given the possibility that Euro rates may keep falling as the ECB faces easing pressure. The latter would be driven by weaker economic conditions on the continent.

Zooming into the Asian space, most currencies would be weighed down by CNH weakness, where the model is showing the USDCNH is likely to trade elevated throughout the year. Economic weakness such as lower PMI (partly attributable to trade disruptions), low domestic yields and subdued sentiment all hurt the CNH. The MYR is likely to stand out more resiliently compared to its peers. Although it is more sensitive to CNH weakness compared to others, its stronger fundamentals would help offset some of the CNH negative impact. The SGD is also expected to hold up well due to its safe haven appeal. The THB may come under much pressure in 1H 2025 before seeing some strengthening in 2H 2025. High gold prices are looking to be a supportive factor for the THB throughout the year that would also limit some of its weakness in 1H 2025. IDR and PHP would similarly see the most pressure in 1H 2025 before stabilizing after.

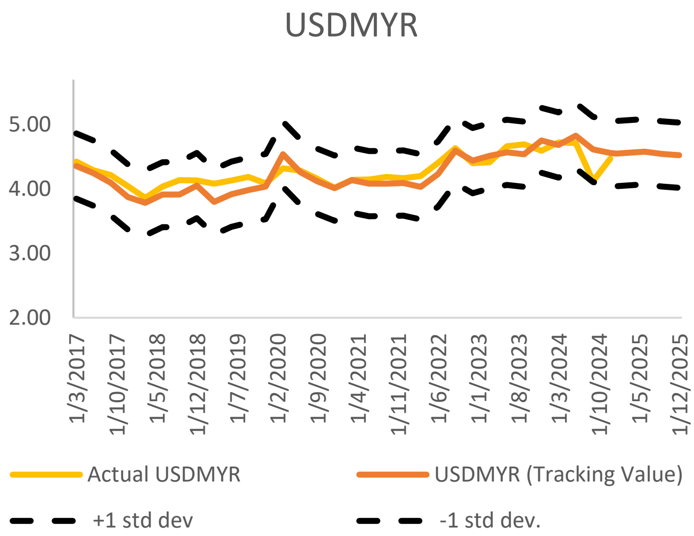
Note on Maybank Fast Tracking Models:

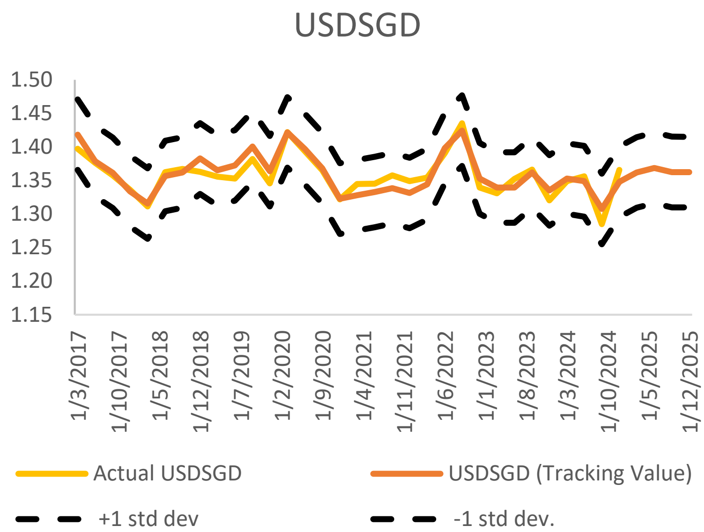
Results are derived by undertaking an ordinary least square regression of the respective currency pairs on 1) current account differential of the US with the respective country, 2) real rate differential of the US with the respective country, 3) reflation factor – MSCI World Index/FTSE World Government Bond Index and 4) other country specific factors.

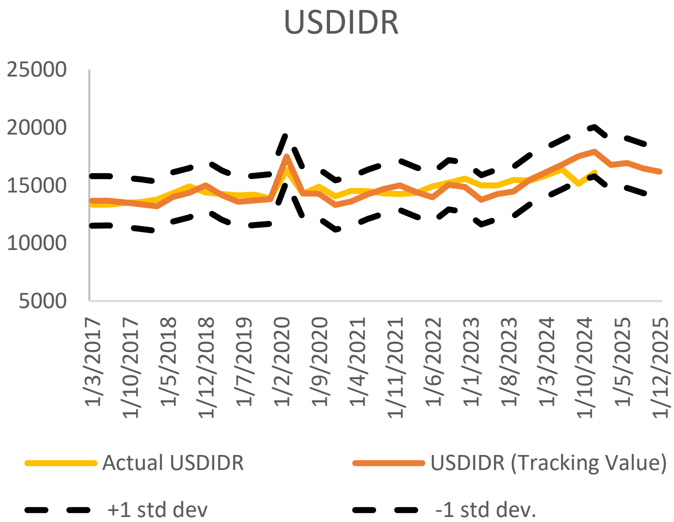
Charts 1a to 1f - Fast Tracking Model: Dollar to Peak by Mid-2025 Before Stabilizing

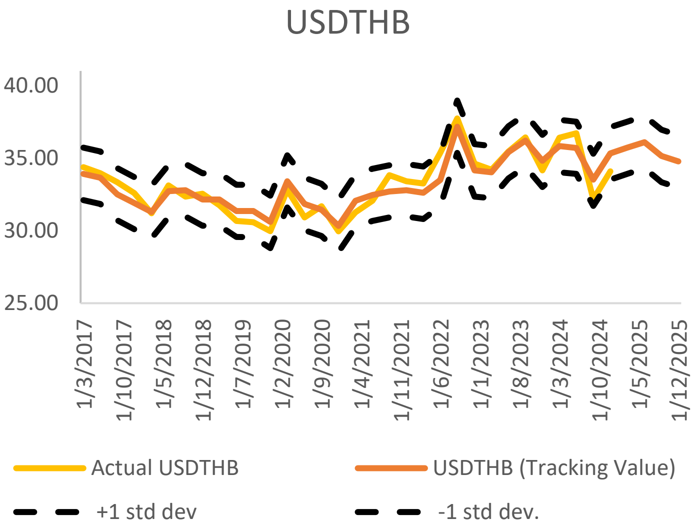


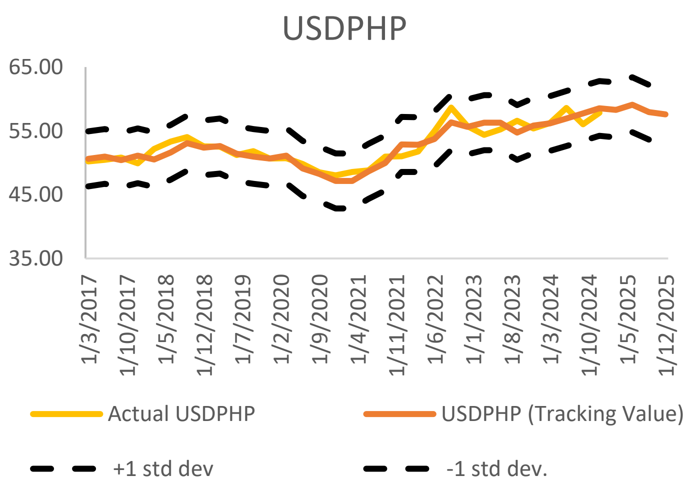
Charts 1g to 1k - Fast Tracking Model: USDASEAN Pairs to See Peak Weakness by Mid-2025











Source: Bloomberg, Maybank FX Research & Strategy

Table 1: Maybank Fast Tracking 4Q 2025 Forecast Compared to Values as of 5 Feb 2025 closing

Currency Pair	Maybank Fast Tracking Values Forecasted for end 4Q 2025	Current Value (As of 5 Feb 2025 Closing)
DXY	106.50	107.58
EURUSD	0.99	1.04
GBPUSD	1.20	1.25
USDJPY	143.53	152.61
AUDUSD	0.61	0.63
USDCNY	7.56	7.27
USDSGD	1.36	1.35
USDMYR	4.25	4.42
USDIDR	16194	16285
USDTHB	34.77	33.59
USDPHP	57.56	58.10

*These are not meant to provide point forecasts for fixed durations of the currencies and are to be seen as indicative given the model specifications used and could differ given changes in market data developments.

Source: Bloomberg, Maybank FX Research & Strategy

Refreshing the Medium-Term Maybank-BEER Panel Estimates

Markets have been arguably calmer and somewhat cautiously optimistic **at this point** that there could still be trade deals forged between Trump and his targeted countries (Canada/Mexico/China) to avoid the worst-case scenario. **We take this small window of relative calm in markets to refresh our various FX valuation metrics in the hope of uncovering severe misalignments that could potentially provide certain trade ideas.**

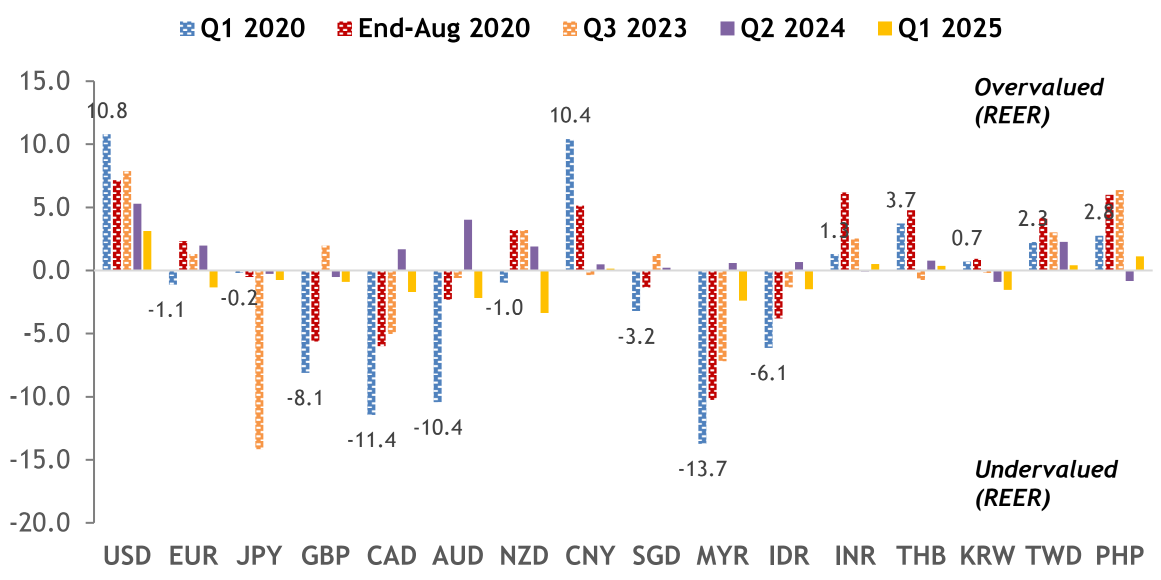
It is important at this point to remind readers the empirically derived “equilibrium” or “fair” FX valuations provide the most value added when they are used to supplement existing understanding of market conditions. They are not meant to provide point forecasts for fixed durations, and it is common for long stretches of time to pass before spot values converge towards their supposed “equilibrium”.

Still, when severe misalignments exist between spot levels and valuations suggested by key drivers, there can be significant informational relevance to subsequent FX moves. I.e., the more overvalued or undervalued a currency is relative to cyclical drivers or fundamentals (depending on the model in question), the more likely that some form of reversion is likely to occur.

Quick Look at the Misalignments Over the Past Few Years of Fair Values

As the Maybank-BEER Panel was meant to provide a medium-term guidance for around 3 to 5 years, we looked at past exercises since the start of 2020 and found that FX misalignments do correct over time. Extreme examples include the USD, JPY and CNY back in 2020. The USD was overvalued based on our BEER estimates from the panel data model.

Chart 2: Misalignments Have Reduced Over the Past Five Years



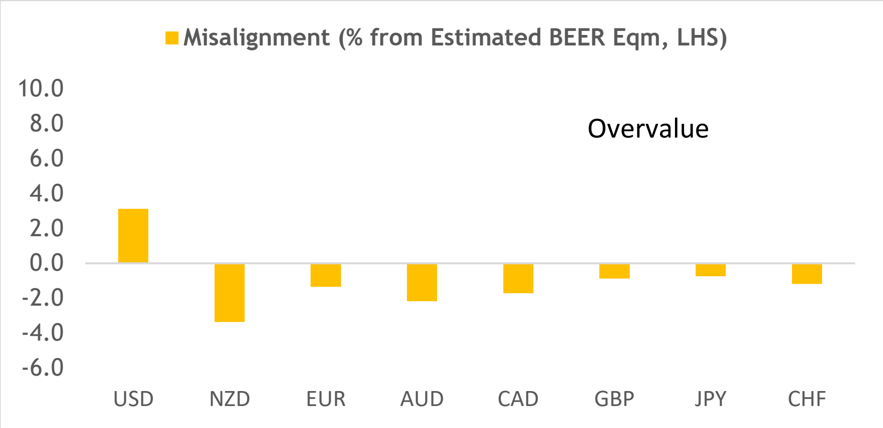
Source: Maybank FX Research & Strategy estimates, Bloomberg

The USD was overvalued by 10% back in 2020 but that misalignment has since narrowed to 3%. The correction was due to the shift of its fundamentals - the easing of inflation (relative to trading partners) in the past few quarters and the rise in nominal interest rate differential had raised the USD BEER over the years. The misalignments of JPY based on our model back in 2020 have also been reduced. Japan’s inflation had risen relative to key trading partners while the nominal interest rates have also risen. The shift in the inflation and rates environment led to adjustments to both its BEER as well as the REER, likely accelerated their convergence.

Our Call for Short AUDNZD is supported by the Maybank-BEER panel data model

Based on our latest Maybank BEER-panel dashboard, there is still a small amount of overvaluation in the USD REER. If we have to do a relative value play, we would prefer to long NZD against the USD or against CHF. The misalignments also somewhat validate our view that AUD has a chance to underperform the NZD. Our expectations are due to the possibility that RBA may ease more than expectations while aggressive easing by RBNZ is already priced well in the NZD.

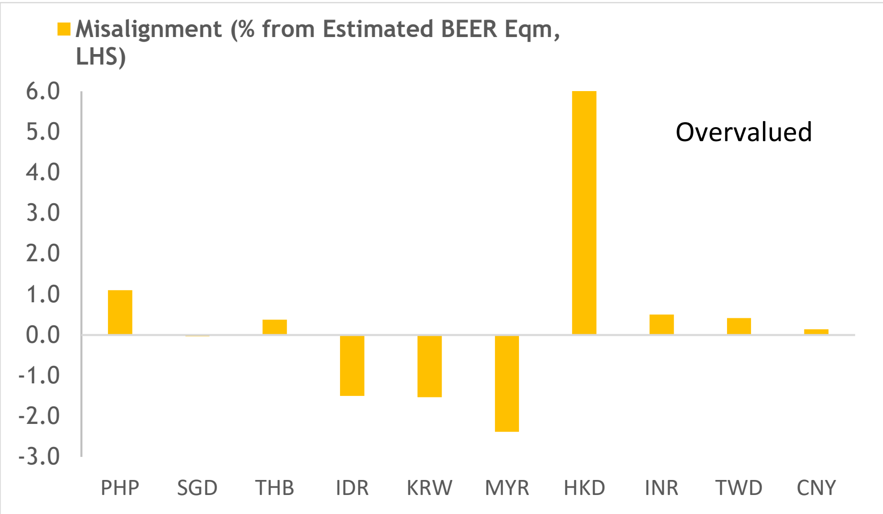
Chart 3: Maybank BEER-Panel Still Sees Slight Overvaluation of the USD, NZD is more undervalued than peers.



Source: Maybank FX Research Estimates

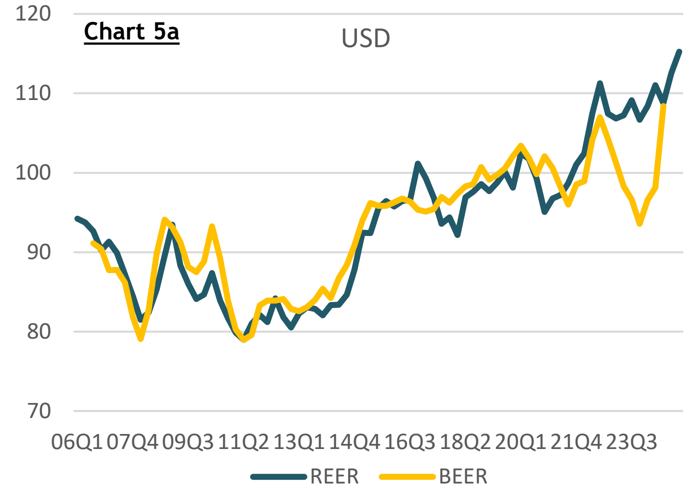
Based on the BEER model, a few currencies in ASEAN are still undervalued in the region with room for adjustment stronger in the medium term . HKD might have bigger swings of misalignments due to its currency board system that does not allow it to set its own interest rates.

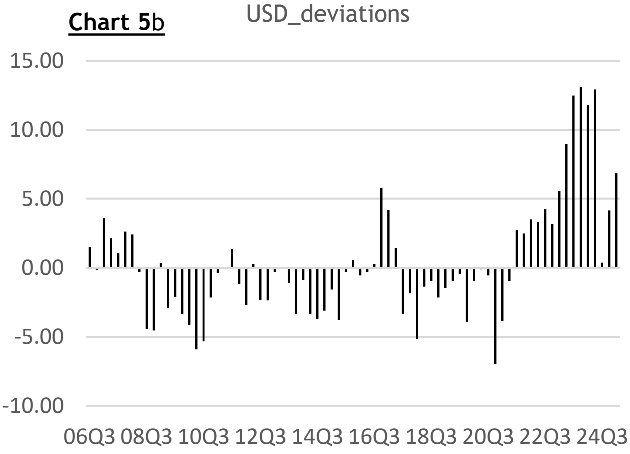
Chart 4: Some ASEAN FX are Undervalued while others like the PHP is slightly overvalued

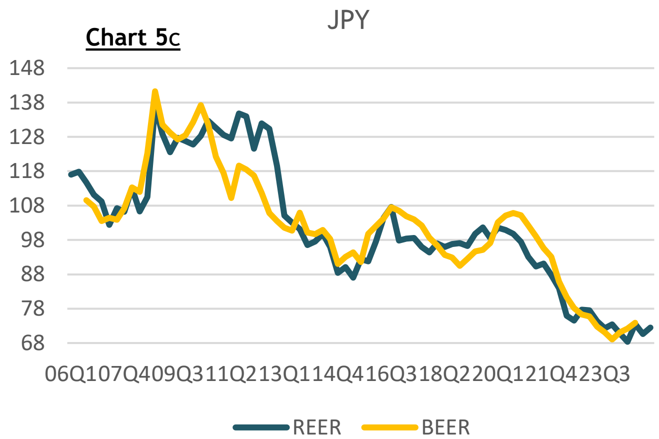


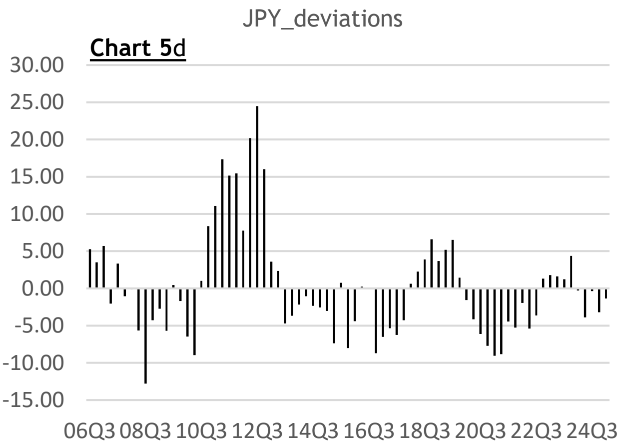
Source: Maybank FX Research Estimates

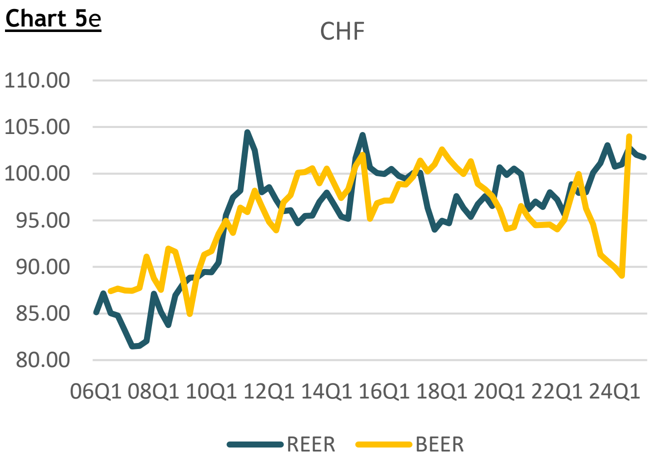
Charts 5a to 5ad: Maybank BEER Panel and Historical Deviations (Based on Latest Update)

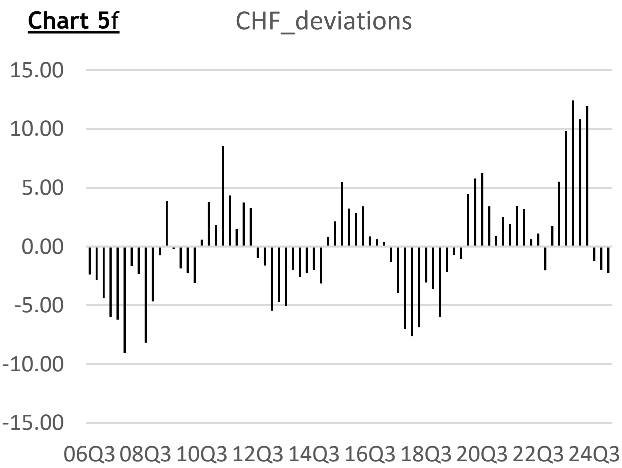












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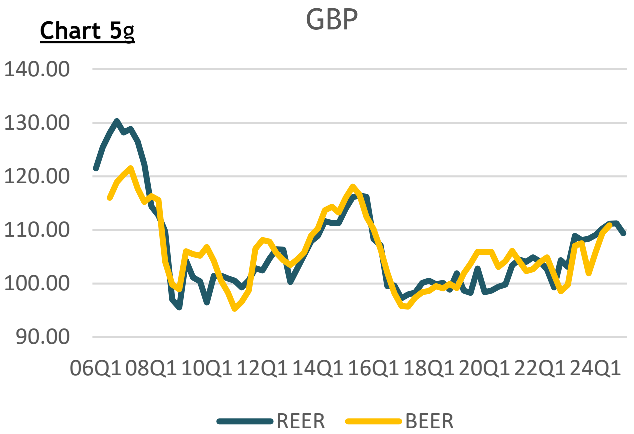

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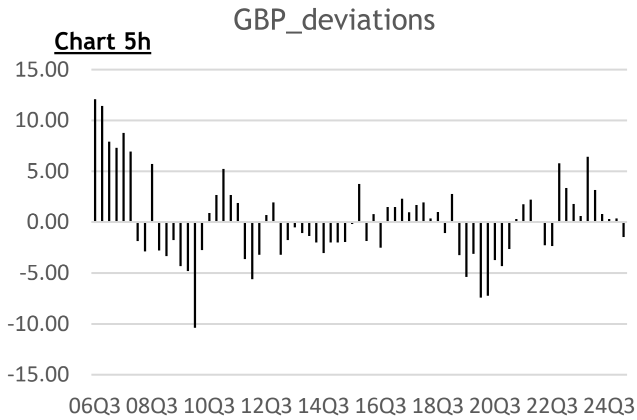

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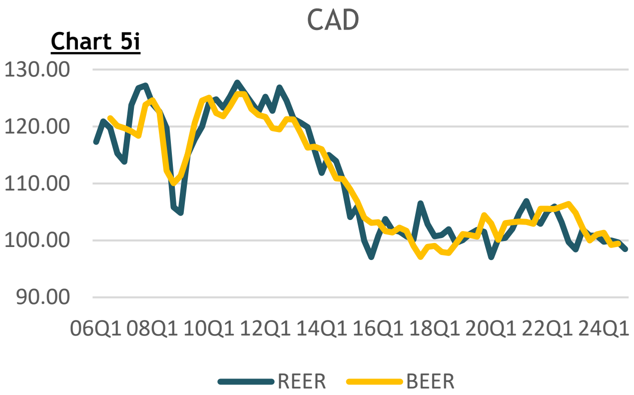

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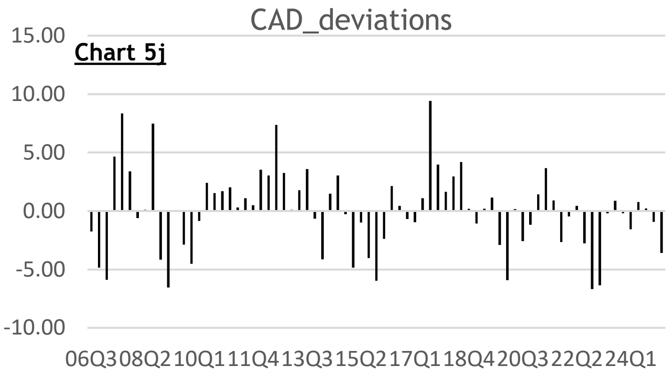

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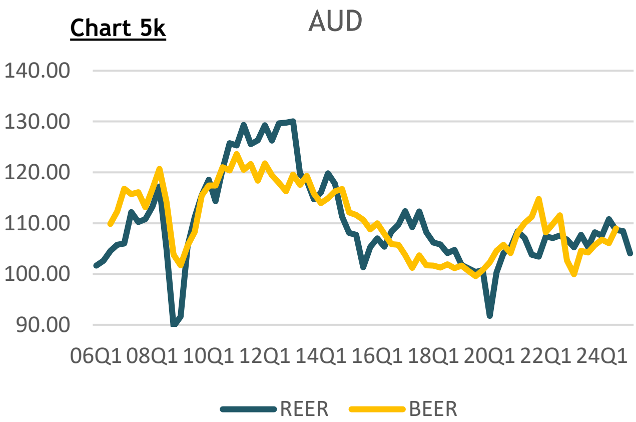

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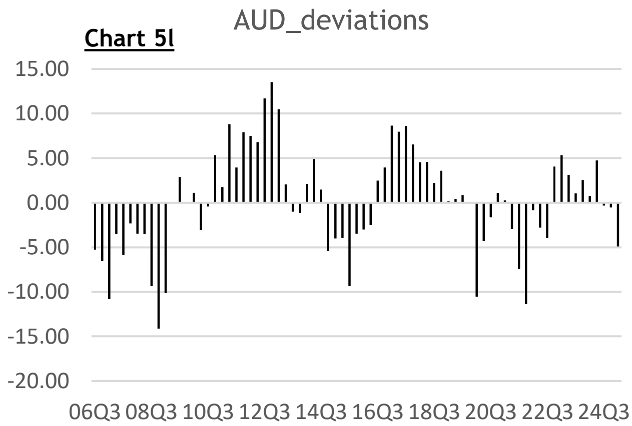

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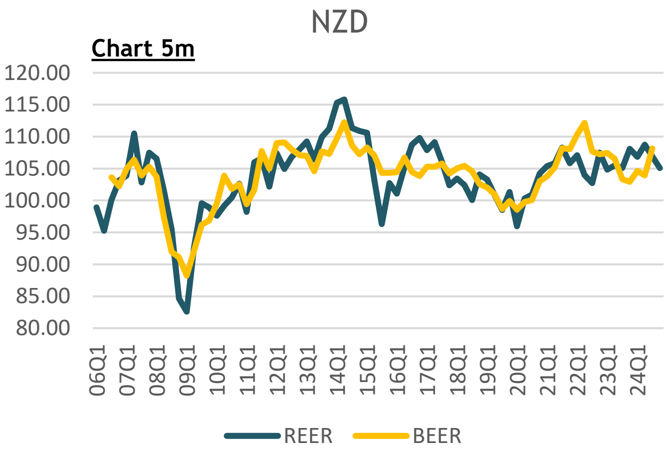

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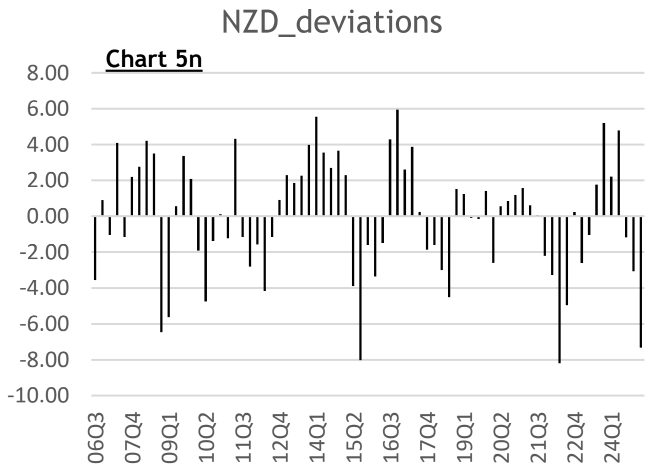

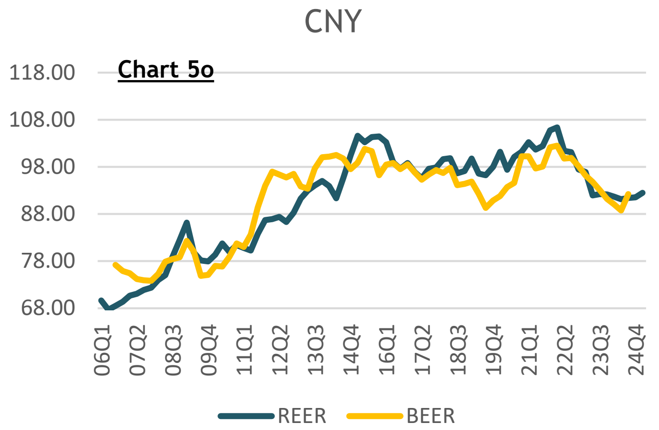
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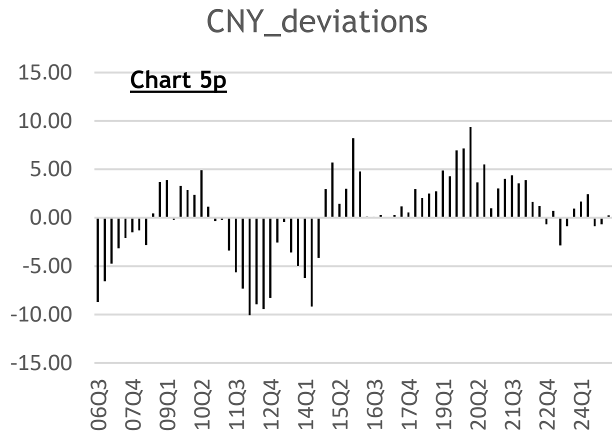
BEER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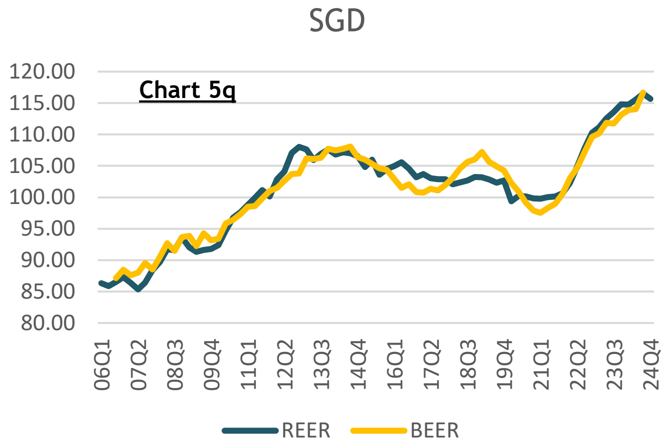
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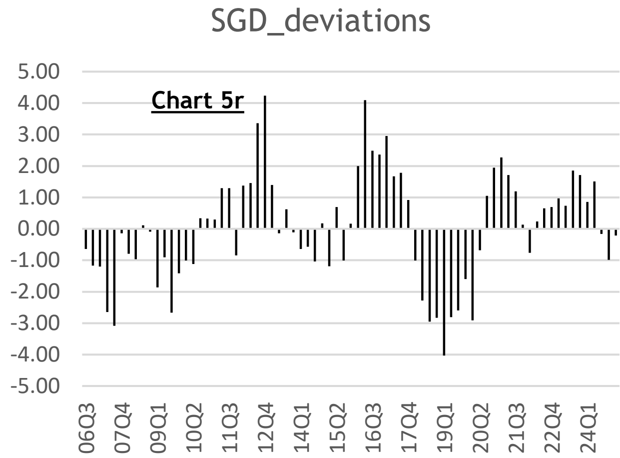
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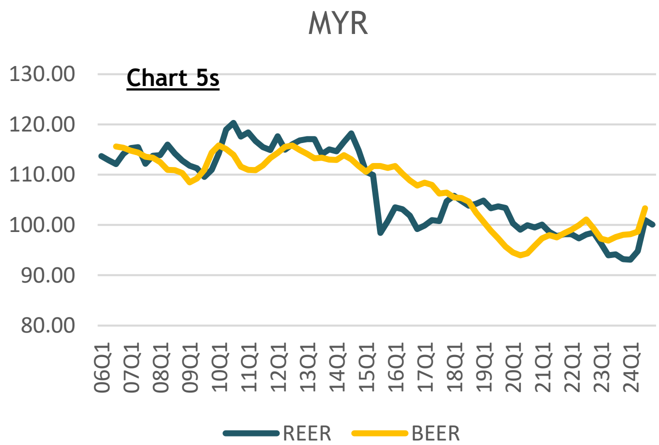
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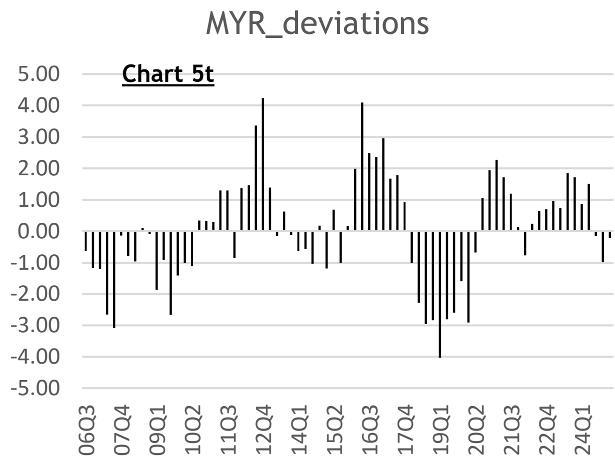
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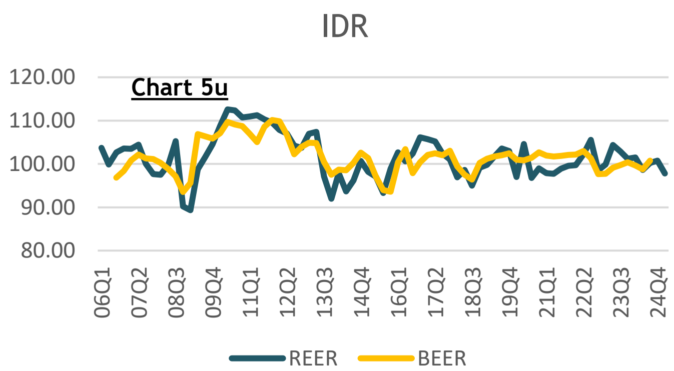
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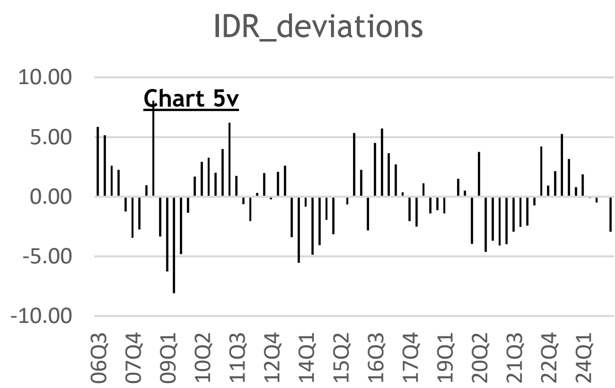
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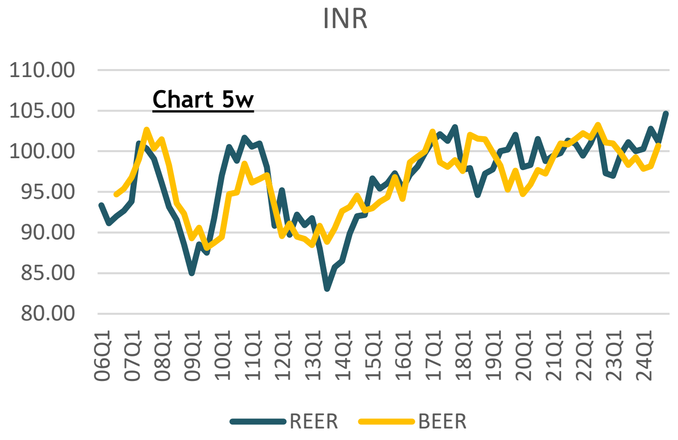
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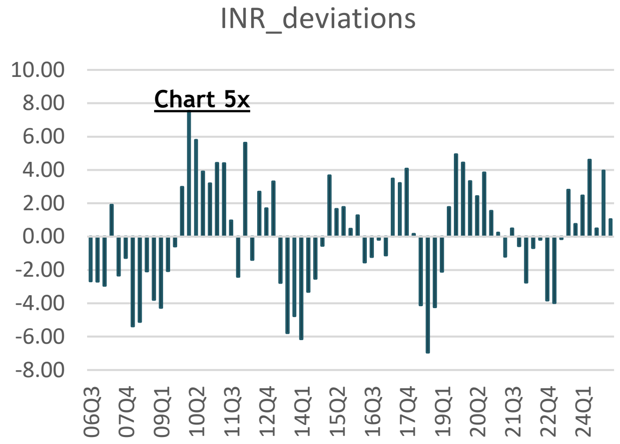
REER
BEER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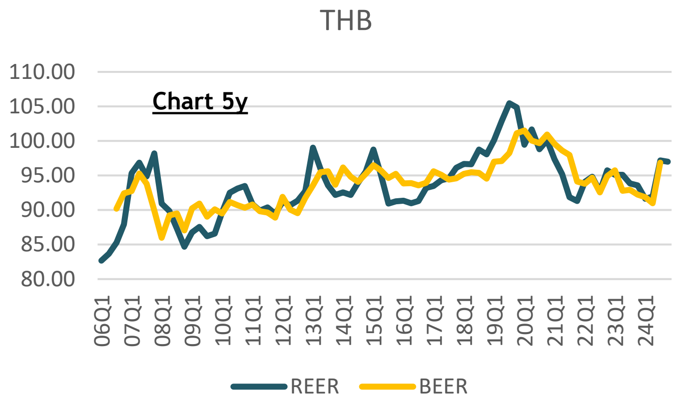
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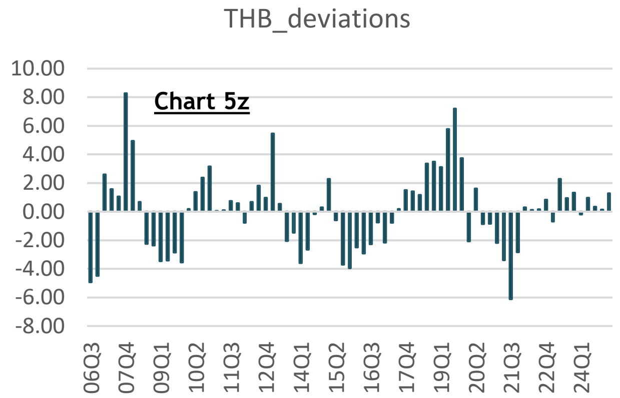
REER
BEER


THB_deviations
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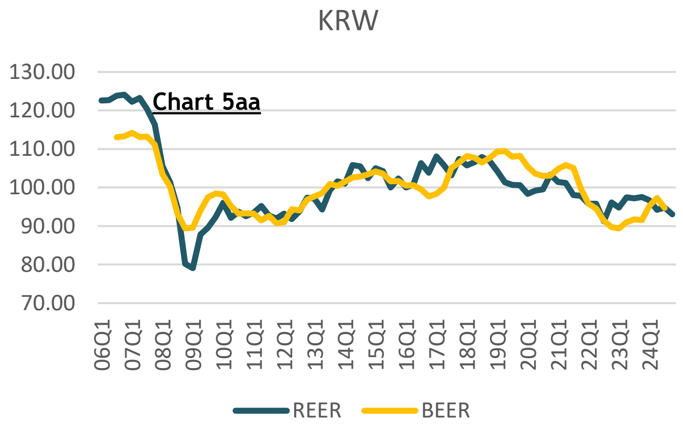
KRW
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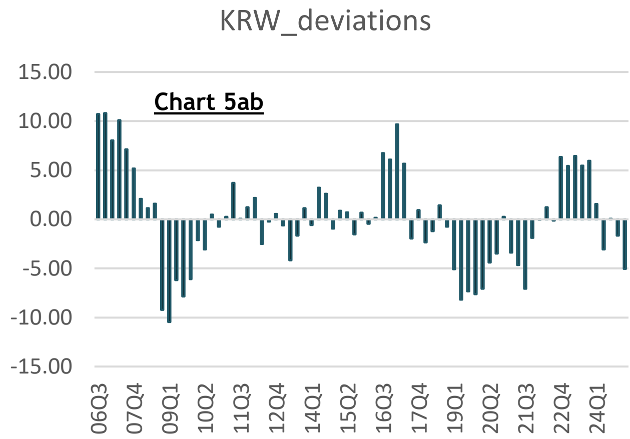
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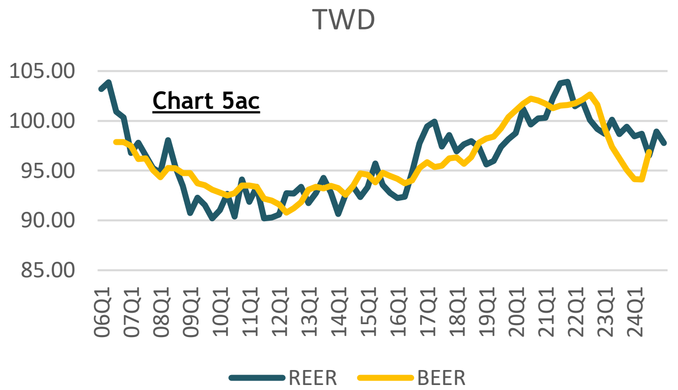
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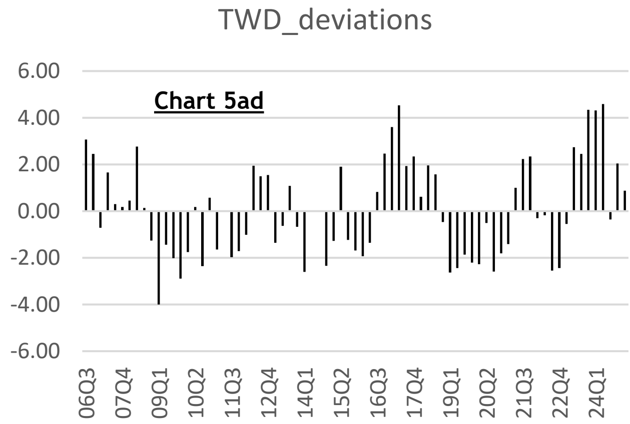
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Tariff Shocks and Possible Scenarios

We turn our attention to Indicio, yet another quantitative tool that uses econometric, AI and machine learning models as a check and validation for our forecasts. We run a series of model simulations and to suggest a possible trajectory for Asian currencies in the next 6 months. We find that our own forecasts are broadly contained within these model-implied trajectories. This shows that our forecasts are still within what the models consider as a reasonable range of outcomes.

As a further exercise, and in light of the current attention on tariffs, we also run a series of model simulations to estimate the impact of a 60% US tariff on Asian currencies (results in Table 2). We view this as an extreme scenario, considering the current level of tariffs that Trump has suggested ranges from 10% to 25%.

The results are broadly in line with our expectations and our observations from the previous trade war in 2018. A few of the key takeaways are as follows:

1. **JPY is the most resilient currency.** Of the Asian currencies, and perhaps even in the wider universe of currencies, the traditional safe-haven JPY is the most resilient to a 60% tariff. In fact, it is the only currency that appreciates against the USD. A similar resilience was observed in 2018, and is to be expected given the challenges and uncertainties a 60% tariff would present.

2. **Other Asian currencies are likely to depreciate against the USD to varying degrees.** The degree of depreciation as measured against the model baseline ranges from between 3.8% to 8.4%. This is unsurprising considering the region's reliance on trade and openness and the linkages that Asian currencies have with each other.

3. **CNY and IDR are likely to be the worst hit.** While this is expected for the CNY, considering China is one of the main targets of Trump administration trade measures and China is the largest exporter of goods to the world and the US. However, the fact that the IDR could be the worst hit is a tad surprising considering that it does not rely all that much on exports and runs a current account deficit. Perhaps some of the weakness comes from its linkages to the rest of Asia.

4. **SGD is somewhat resilient.** We have maintained that as a small, open economy, Singapore will not emerge from a trade war/tariffs unscathed. However, our belief is that as a regional safe-haven, and a unique exchange-rate based monetary policy that is at worse set at 0% appreciation (currently at 1.0%) should provide the currency with some resilience. It is also likely not to be targeted as it has a trade deficit with the US.

5. **THB could be supported by Gold.** We have made a bullish case for gold given the more challenging and uncertain environment that tariffs could bring. The gold and THB are linked and we think that it is no coincidence that after the JPY and SGD, the THB is the next most resilient currency.

We provide a summary table (Table 2) below to show the worst-case percentage deviations from the model-implied baseline forecasts. For example, if the model-implied baseline forecast for USDSGD is 1.3500, a 5% deviation implies USDSGD at 1.4175. Model-implied baseline forecasts and these deviations should not be conflated with our forecasts which take into account other factors and are not just based on a single model.

Table 2: Summary Table - Simulation-Implied % Deviations from Model Baseline

Forecast	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul- 25
USDIDR	8.23%	8.15%	8.11%	8.08%	8.10%	8.05%
USDPHP	6.50%	6.51%	6.52%	6.49%	6.48%	6.48%
USDSGD	3.80%	3.82%	3.83%	3.85%	3.82%	3.84%
USDTHB	5.11%	5.10%	5.07%	5.06%	5.05%	5.22%
USDMYR	6.23%	6.44%	6.21%	6.15%	6.10%	6.06%
USDJPY	-0.23%	-0.23%	-0.21%	-0.25%	-0.24%	-0.24%
USDCNY	8.40%	8.19%	8.19%	8.19%	8.27%	8.33%

*Please note that these are worst-case model simulations under a specific scenario of a 60% US tariff. These represent the worst-case percentage deviations from the model-implied baseline forecasts.

Source: Indicio, Macrobond, Maybank FX Research Estimates

To be clear, we recognize that the real world is likely more complicated than can be expressed by a series of models and simulations. However, this exercise serves to confirm our own understanding of what is likely to happen should tariffs reach an extreme level. We hope that the numbers and forecast ranges presented in the table and charts can function as guideposts for our readers to navigate an increasingly uncertain world.

With that said, we adopt a game-theoretic approach to study a list of possible scenarios that could arise as a result of Trump administration trade policies. We suggest how currencies might be impacted in each scenario and try to identify currencies that are by extension more likely to do well.

We first introduce game theory – a branch of mathematics that seeks to better understand strategic interactions between entities. A key concept in game theory is that of a Nash equilibrium, which is defined as an outcome in which no party can gain by unilaterally changing their strategy. This is extremely useful and important for understanding how countries could interact with and against the US when faced with potential tariffs.

We first narrow down the possible scenarios to the following for discussion – a prolonged trade war (mutual defection), a managed trade war (partial cooperation), a trade deal (full cooperation), and the formation of trade blocs (regionalized cooperation).

Possible Scenarios, Characteristics and Implications for FX

Scenario	Characteristics	Implications for FX
Prolonged Trade War	US and China continually retaliate against each other with tariffs and counter-tariffs (full defection)	Stronger USD and safe-havens (JPY, CHF, Gold), weaker Asian currencies
Managed Trade War	US and China reach a mutual understanding and there are partial tariffs (partial cooperation)	Stronger USD and safe-havens (JPY, CHF, Gold), Asian currencies should stabilize
Trade Deal	US and China reach a deal, eliminating tariffs and restoring normal trade relations (full cooperation)	Risk currencies to perform better, weaker USD and safe-havens

Formation of Trade Blocs	US and China create two blocs and countries within the blocs trade with each other (regional cooperation)	Uncertain, although initially should be stronger USD and safe-havens. Eventual decline of the USD if US alienates its bloc.

Source: Maybank FX Research

We first establish that the likeliest short-term Nash equilibrium is that of countries threatening each other with tariffs/counter-tariffs so as not to appear weak. This is a situation close to a trade war. However, by extrapolation, countries should realize that such a scenario is by extension untenable as it comes with high costs for everyone involved that will add up over time. As such, a prolonged trade war cannot be a stable equilibrium in the long run.

Building on that, we see that a situation of full cooperation, while perhaps optimal is also unlikely when the threat of tariffs has already been made and trust is an issue. Geopolitical frictions and rivalries could tempt countries to impose tariffs for short-term gains i.e. there is an incentive to unilaterally change their strategy. This is therefore not a Nash equilibrium either.

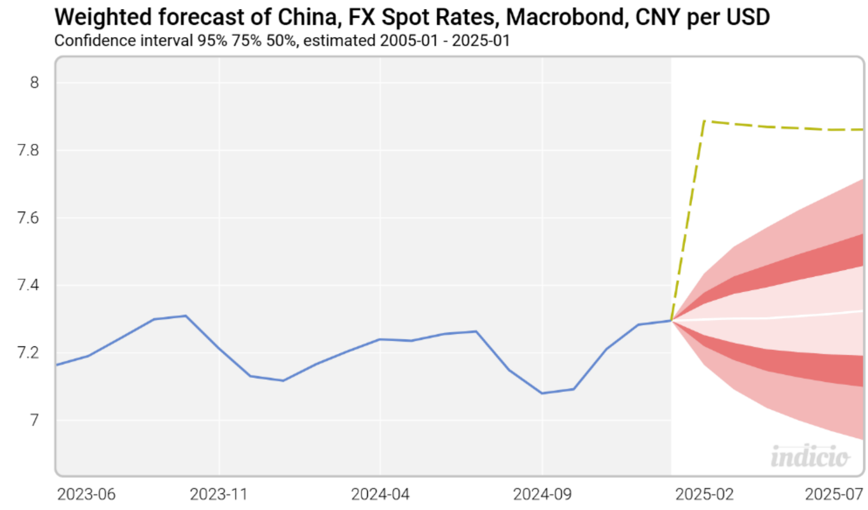
Looking at partial cooperation in a managed trade war, we see that no single party can unilaterally change their strategy to gain. Institute tariffs beyond what is agreed and the situation degenerates to a prolonged trade-war. Trying to fully cooperate may also be rejected by the other side. This is therefore a more stable equilibrium where parties can continue to protect their strategic interest while not being subject to the full costs of a prolonged trade war. For instance, both US and China could accomplish their political goals.

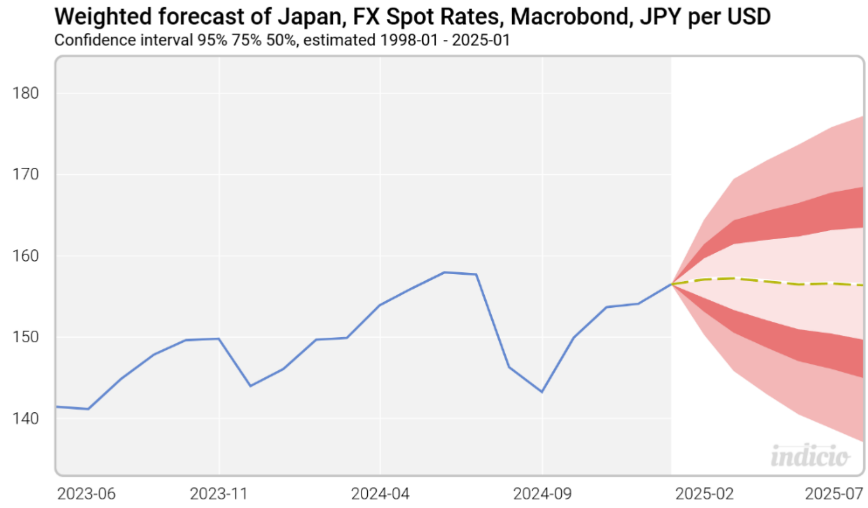
The formation of trade blocs is similar in the sense that instead of just the US and China other countries dragged into a trade dispute will be incentivized to take sides with one or the other. Once the trade blocs have formed, no one is incentivized to leave and trade occurs within the bloc. We can see that similar structures have already started to take shape in reality with China and BRICS pushing for reduced reliance on the US. However, we also note that while the US has traditionally had its western allies to count on as a “bloc”, Trump is now threatening to tariff them as well. Ultimately, this could lead to a faster than anticipated decline of the USD.

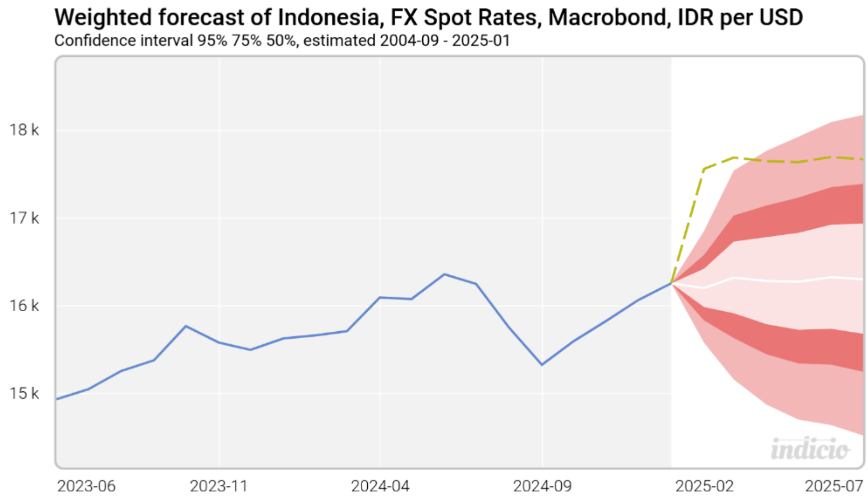
We recognize that we have simplified these interactions and the dynamism and uncertainty of how this could play out in the real world are far more complicated than can be contained within a research piece. However, looking at the four broad scenarios, we can suggest that in the near-term, **the USD and safe-havens could be the safest currencies to hold. Specifically, we do favour the JPY as the BOJ embarks on a hiking cycle as the rest of the world is largely easing.**

Charts 6a to 6g: Model-Implied Forecast Ranges and 60% US Tariff Path (Dotted Lines)

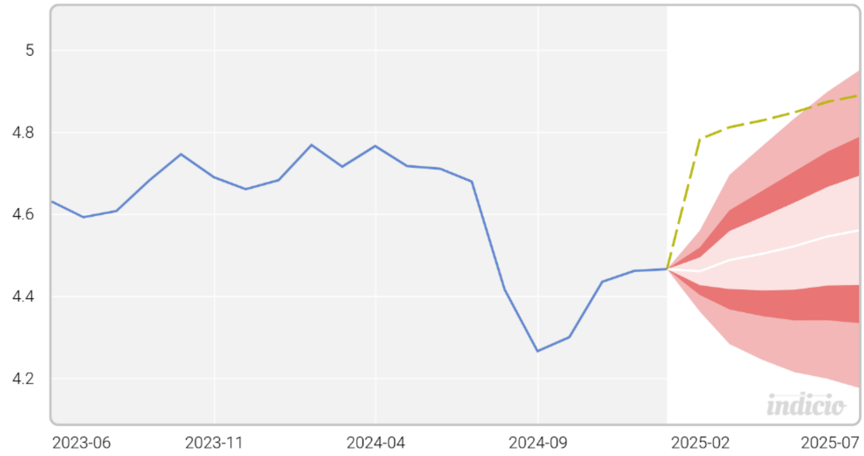
The following charts show the model-implied forecast range (fan), where the coloured regions represent the 50%, 75% and 95% confidence intervals respectively. Dotted lines show the worst model-implied simulation for a 60% US tariff.



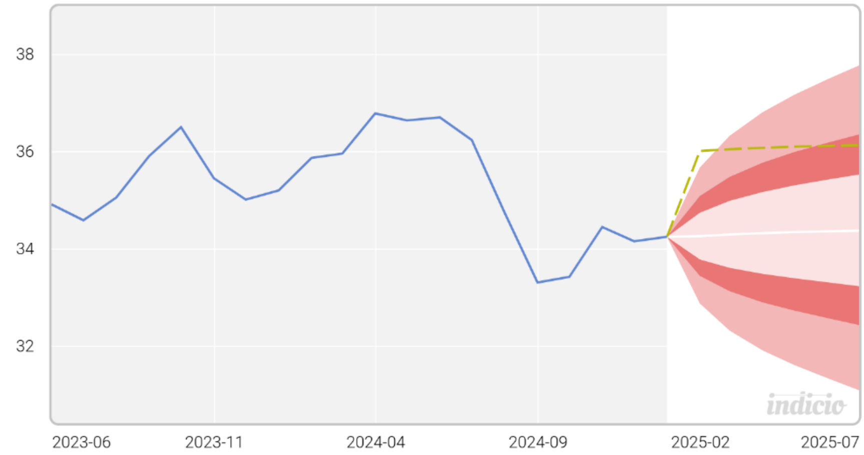




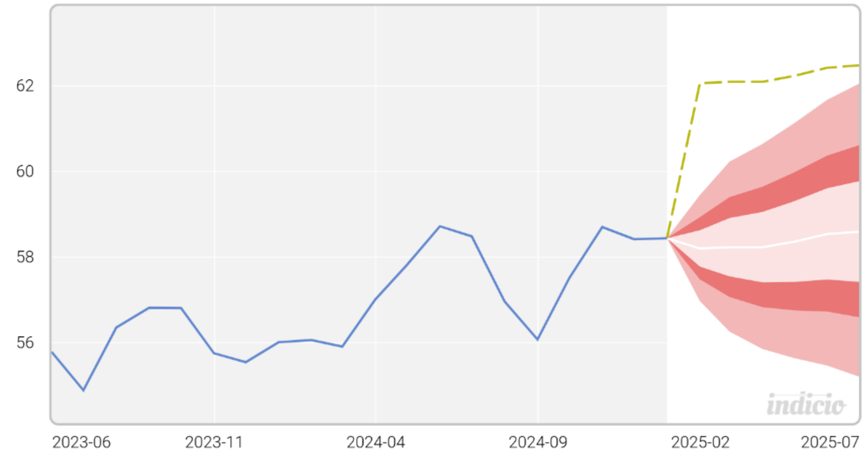
Weighted forecast of Malaysia, FX Spot Rates, Macrobond, MYR per USD
Confidence interval 95% 75% 50%, estimated 2008-01 - 2025-01

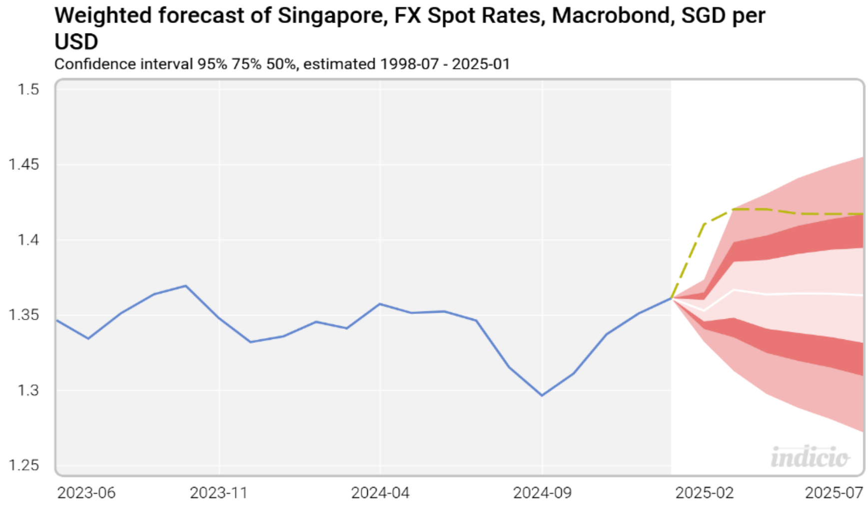


Weighted forecast of Thailand, FX Spot Rates, Macrobond, THB per USD
Confidence interval 95% 75% 50%, estimated 2000-01 - 2025-01



Weighted forecast of Philippines, FX Spot Rates, Macrobond, PHP per USD
Confidence interval 95% 75% 50%, estimated 2007-02 - 2025-01





Source: Indicio, Macrobond, Maybank FX Research Estimates

Conclusions

We take this window of relative calm in the markets to refresh our various FX valuation metrics in the hope of uncovering severe misalignments that could potentially provide certain trade ideas.

Using the Maybank Behavioral Effective Exchange Rate (Maybank-BEER) panel data model, we

- leveraged on macro features of an economy including its net foreign assets, trade openness, interest rate differentials and inflation differentials relative to trading partners, we find that on a trade-weighted, medium-term basis:

- Most misalignments observed in the past have corrected but USD is still around 3% overvalued and NZD is the most undervalued compared to peers such as the AUD, GBP. That gives us our strategic view to short AUDNZD a tad more validation.

- Misalignments amongst ASEAN FX have reduced but we note that in times of volatility, deviations can widen and persist.

Maybank Fast-Tracking Model

Most G10 and ASEAN currencies are projected by our fast-tracking model to weaken in 1H 2025 before stabilizing later in the year. Exceptions include the JPY, which is expected to strengthen due to BOJ tightening as the virtuous wage-price cycle becomes more established. This would contrast to other central banks that are on an easing cycle. The EUR is another exception, which may weaken throughout 2025 as the ECB faces strong easing pressures. In Asia, CNH weakness (driven by economic softness – partly due to trade disruptions, low domestic yields, and weaker sentiment) will weigh on regional currencies, though the MYR and SGD are expected to show resilience. For the MYR, it would be due to its strong fundamentals whilst the SGD is supported by its safe-haven appeal. The THB may face pressure in 1H 2025 before recovering in 2H 2025 though gold prices would be a support throughout the year. The IDR and PHP would likely also see initial weakness before stabilizing.

Tariff Shocks and Possible Scenarios

Our simulations with Indicio show that the JPY is likely to be the most resilient currency against tariffs. Asian currencies (ex JPY) stand to lose out on tariffs with the SGD the most resilient. In addition, our game-theoretic analysis of a potential trade war situation also shows that the USD and other safe-havens could outperform in the near-term. Combining this with the fact that the BOJ is hiking and other central banks are largely easing, we suggesting favouring the JPY if the prospect of a trade war continues to loom.

Appendix: Model Estimations & Results

Maybank-BEER Panel Data Model

For the correct statistical inference under nonstationary data, we used panel dynamic ordinary least squares estimation (panel DOLS). This method allows for the inclusion of non-stationary variables in the estimation, by incorporating lags and leads of the independent variables. Data period used is from Q1 2006 to Q3 2024, for all 18 currencies.

Variables chosen were largely in line with BEER literature, and have the following interpretations and coefficients.

Variable	Form	Interpretation	Coefficient
Dependent: BIS REERs	*Natural Log of REER Indices*	-	-
Net Foreign Assets to GDP	*NFA as % of GDP*	Reflects a country's savings and investment flows.	-0.002439 (0.00)
Trade Openness	*Total Trade as % of GDP*	Trade liberalization generally lowers the domestic price of tradable goods, thus depreciating the REER.	0.002519 (0.00)
Short-term Interest Rate Differential	*Deviation from Trading Partners' Weighted Avg.*	A higher real interest rate differential should be related to a REER appreciation, and this relationship should be stronger with greater capital account openness.	0.036893 (0.00)
Inflation Differential	*Deviation from Trading Partners' Weighted Avg.*	High inflation (relative to trading partners) could make the economy uncompetitive and likely lead to lower REER	0.005914 (0.1943)

P-values in brackets ().

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