

Equilibrium Exchange Rate of the Renminbi

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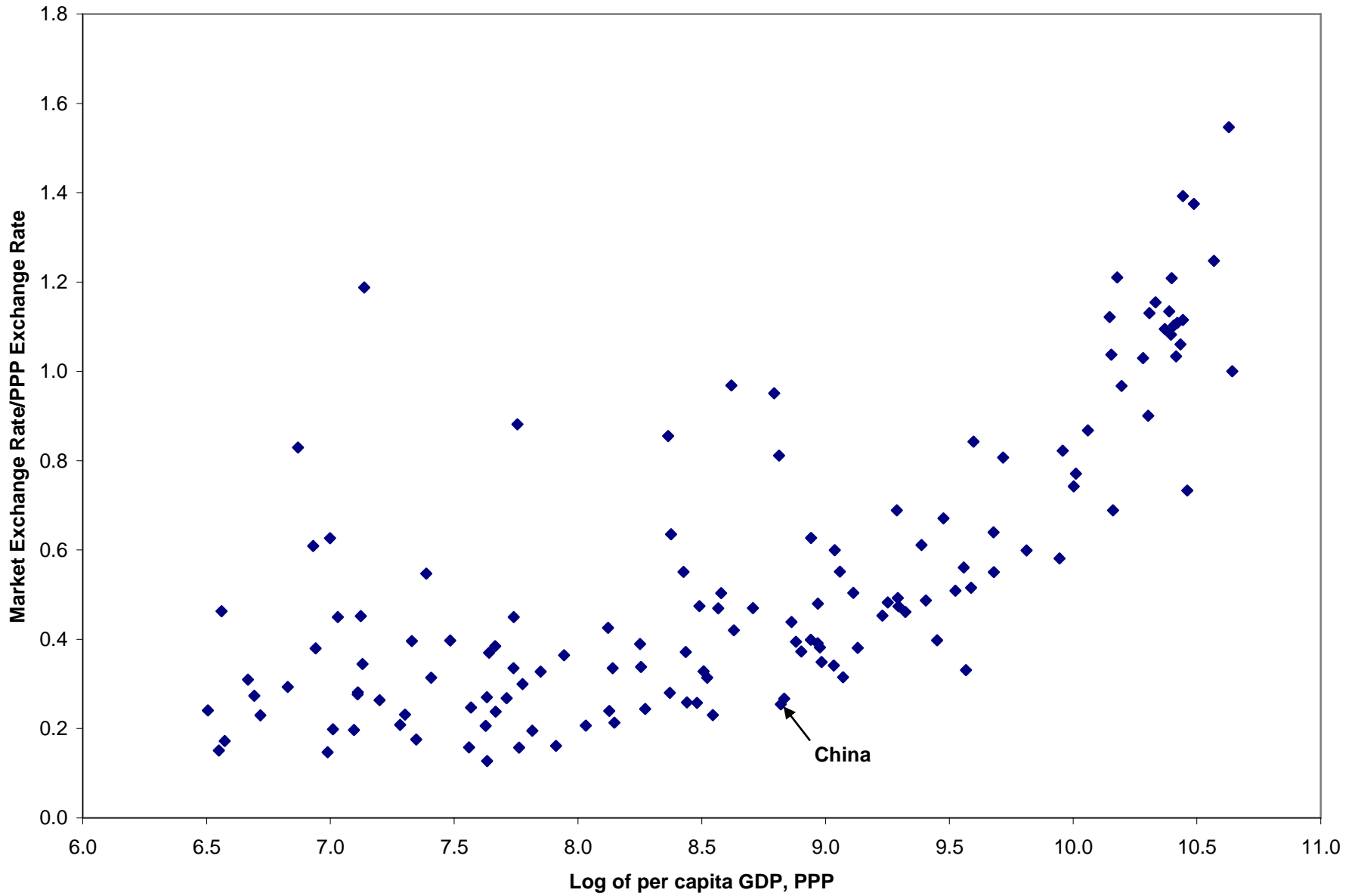
Table 1
Estimates of RMB Appreciation Needed to
Eliminate Undervaluation (percentage)

Study	Year	REER range	Bilateral dollar rate range	Approach (a)
Anderson (2006)	2006		18-25	FEER
Bénassy-Quéré et al (2004)	2001	16	41-44	BEER
Bénassy-Quéré et al (2006)	2004	31-45	30-59	BEER
Big Mac	2007		138	PPP-S
Bosworth (2004)	2004		67	PPP-E
Cheung, Chinn & Fujii (2007)	2007		≈ 100	PPP-E
Cline (2005)	2005	21	45	FEER
Cline (2007)	2007	11-18	34-39	FEER
Coudert & Couharde (2005)	2003 2002 2002-03	23-30	41-50 18 44-54	PPP-E BEER FEER
Frankel (2006)	2000		56	PPP-E
Funke & Rahn (2005)	2002	3-6	12-14	BEER

Table 1, continued
Estimates of RMB Appreciation Needed to
Eliminate Undervaluation (percentage)

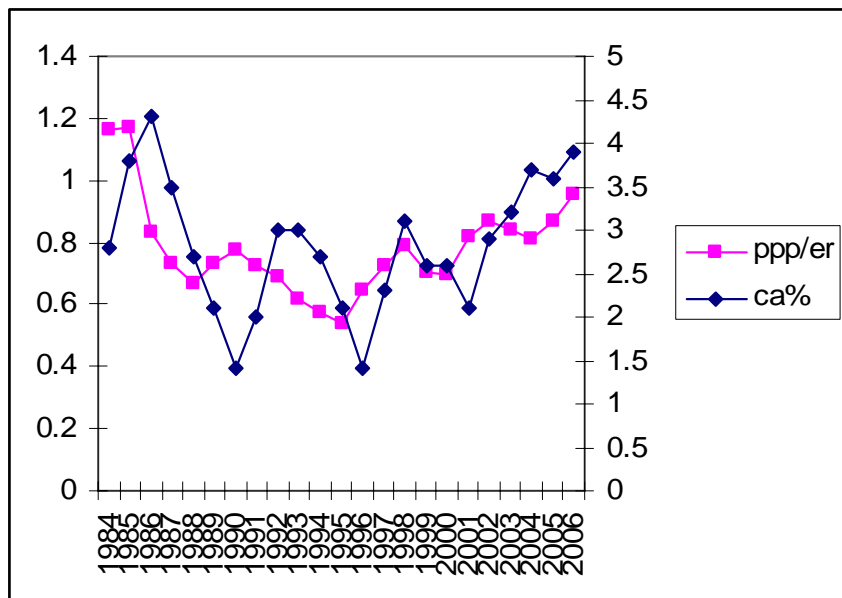
Reer bilateral

Goldstein (2004)	2004	15-30		FEER
Goldstein & Lardy (2006)	2004	20-35		FEER
Goldstein & Lardy (2007)	2007	35-60		FEER
Jeong & Mazier (2003)	2000	29	67	FEER
MacDonald & Dias (2007)	2007	8-42		BEER
Stolper & Fuentes (2007)	2007 (b) 2007 (c)		7 15	BEER FEER
Wang (2004)	2003	5 0-5 0 to - 5		BEER FEER FEER
Wren-Lewis (2004)	2003		19-22	FEER
Average	All	20	40 (d)	
Average A	2000-04	17	42 (d)	
Average B	2005-07	27	38 (d)	

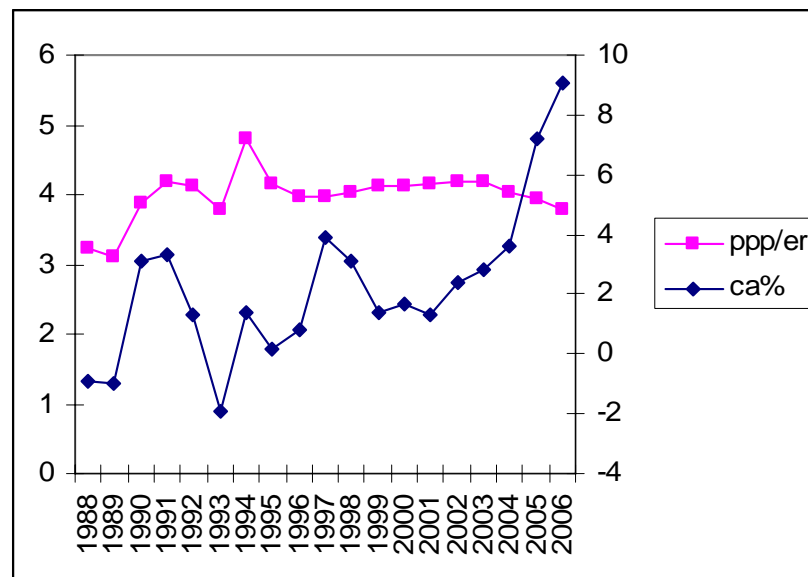


PPP/Actual Exchange Rate (left) and Current Account Balance % GDP (right)

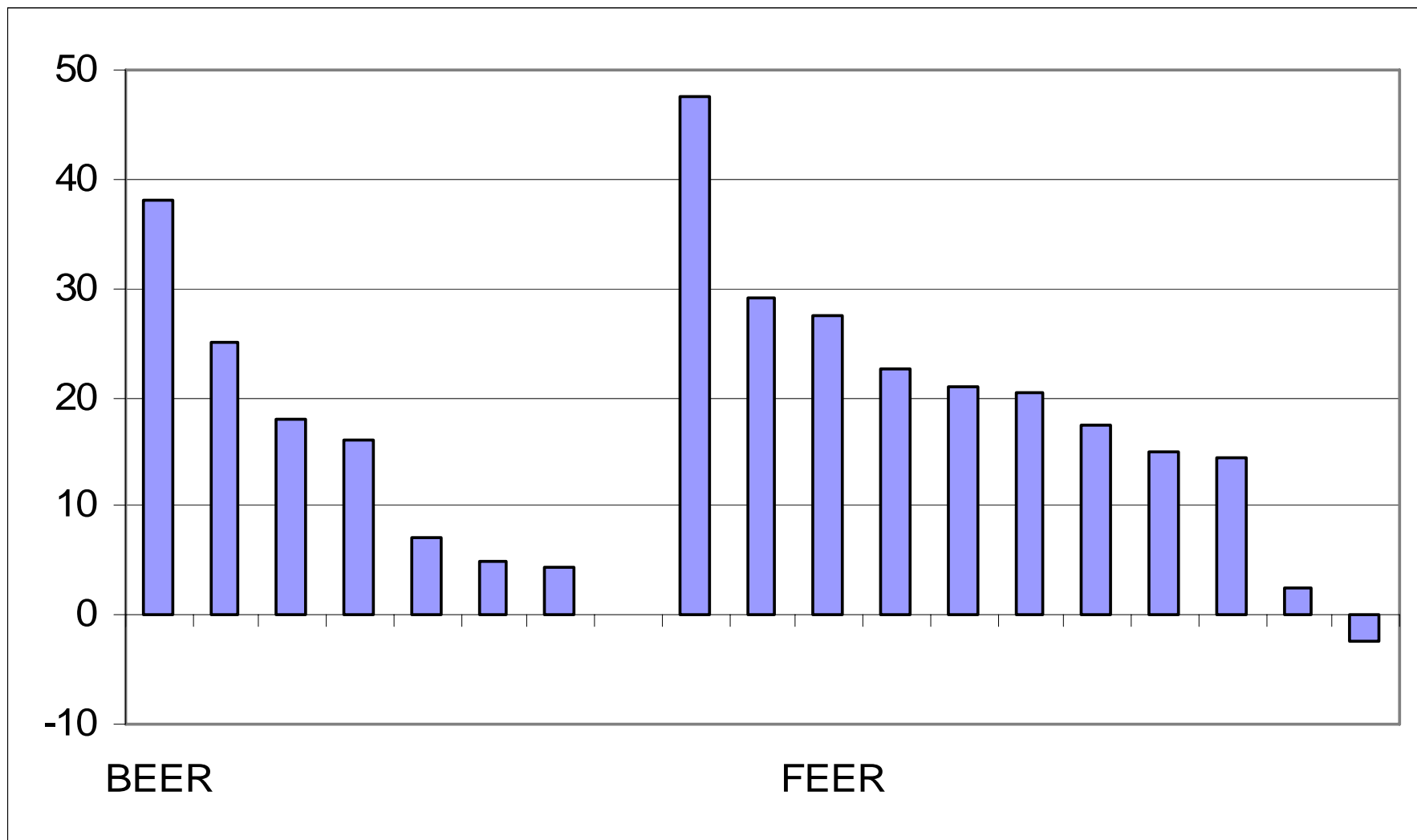
A. Japan



B. China



Appreciation needed to eliminate undervaluation (%): Real Effective



Appreciation needed to eliminate undervaluation (%): Bilateral

