

Equation 3.17	Exchange Rate	1.734014		-0.00225	-0.001065	-0.003726	-0.003062	-0.004857	-0.012464	-0.0113	0.421346	0.35376	0.907522	0	0
t-statistics		76.70542		-0.209394	-0.09409	-0.346651	-0.299601	-0.474903	-1.208046						
Equation 3.18	Inflation + Exchange Rate	1.734017	0.102814	-0.002261	-0.001048	-0.003731	-0.003079	-0.004869	-0.012478	-0.014274	0.421965	0.348651	0.910494	0	0
t-statistics		76.58962	0.01418	-0.209567	-0.091857	-0.346424	-0.298766	-0.473682	-1.202382						
Equation 3.19	Trade Balance	1.733517		-0.001584	-0.005148	-0.006084	-0.005043	-0.003289	-0.007335	-0.015885	0.4223	0.095708	0.99677	0	0.498214
t-statistics		76.45923		-0.099891	-0.280368	-0.384171	-0.373944	-0.240772	-0.536087						
Equation 3.20	Inflation + Trade Balance	1.733511	-1.127622	-0.001726	-0.005309	-0.006213	-0.004867	-0.003374	-0.007343	-0.018798	0.422905	0.095467	0.996792	0	0.496784
t-statistics		76.34949	-0.157232	-0.108523	-0.288271	-0.391199	-0.359167	-0.24649	-0.53586						

- NOTES: 1. EPRR = the ex post real rate of interest, based (for purposes of this paper) on the log of the Frankfurt Interbank Offered Rate minus the log of inflation.
2. INFLATION(-1) = the log of inflation at a monthly rate, lagged one month = the log of the German Consumer Price Index CPI divided by the German CPI for the previous period (i.e., $CPI(-1) = CPI/CPI(-1)$).
3. All data is monthly, seasonally adjusted. All variables are defined in **V. Procedure**.
4. Wald Test Probability = the significance level at which the null hypothesis that all independent variable coefficients jointly equal zero may be rejected.
5. Breusch-Godfrey Serial Correlation LM Test Probability = the probability of rejecting the null hypothesis of no serial correlation.
6. White Heteroskedasticity Test Probability = the probability of rejecting the null hypothesis of no heteroskedasticity.