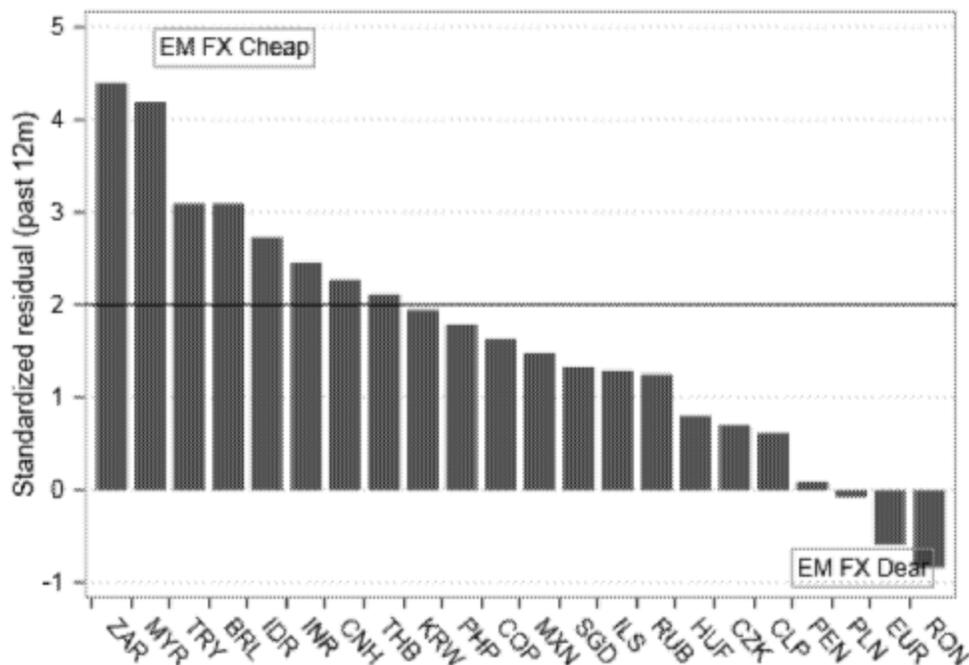provides a better picture when currencies are trading within relatively tight ranges, rather than trending strongly and breaking new ground (as is the case currently for many EM currencies) due to domestic factors/factors not captured by the model.

Financial fair value (USD crosses):

As the charts below show, the extent of undervaluation (i.e. the magnitude of the model residual) is at 1y extremes for TRY and ZAR, but not for RUB.

USDTRY: