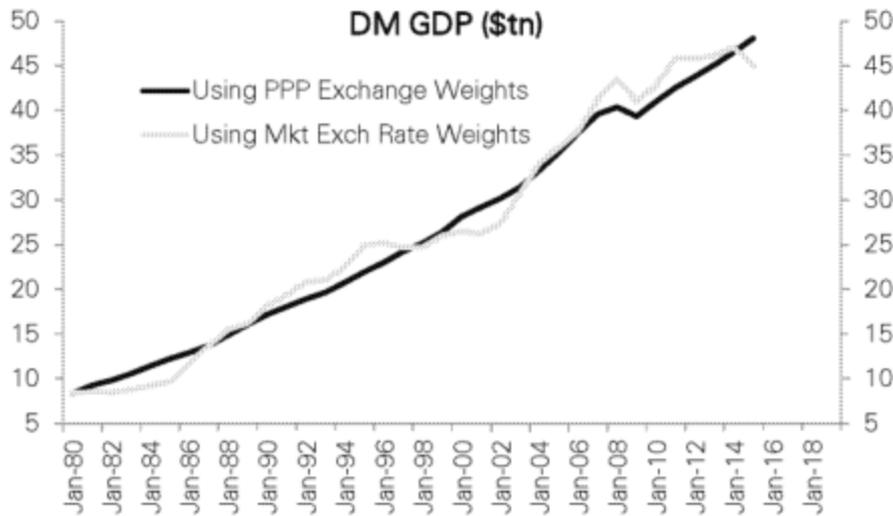


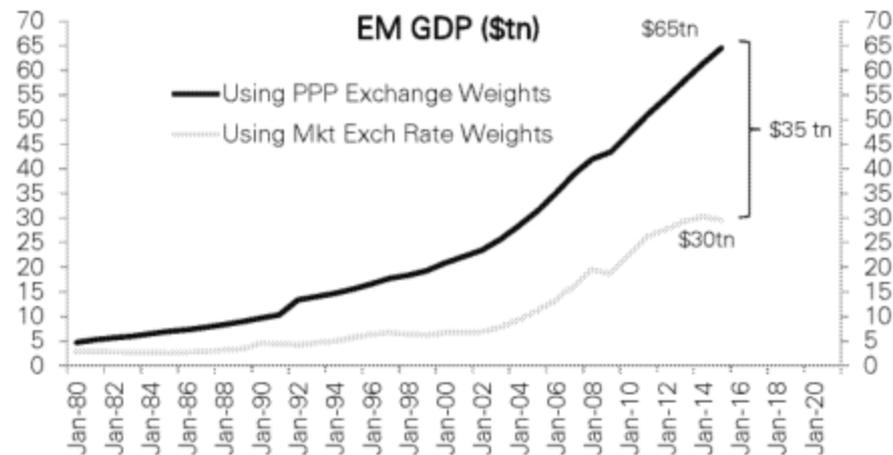


Figure 5: For DM the PPP methodology smoothens out cyclical variations in exchange rates but has minimal impact on the trend in the level of DM GDP



Source: IMF, Haver, Deutsche Bank

Figure 6: For EM, the PPP methodology massively overstates the size of GDP relative to market exchange rates, more than doubling the current size



Source: IMF, Haver, Deutsche Bank