Correction:

First paragraph of page 106:

In other words, an increase in the relative price of nontradable goods in the domestic

country represents an appreciation of the real exchange rate. Analogously, a reduction in

the relative price of nontradables means a real exchange rate depreciation.

Page 111, paragraph0345, in the first line:

in time, namely, the function

Page 118, paragraph 0455

The relationship between the RER and the current account helps understand how the equilibrium real exchange rate responds to shocks or changes in other economic variables. The

Page 118, paragraph 0460

The trade balance, in turn, is the difference between the total production and consumption of tradable goods.

Page 119, paragraph 0525

A smaller price for nontradable goods in the first period would simultaneously cause a bias in production against these goods and an increase in their demand, balancing the market.