

What Does Net Foreign Investment (NFI) Depend On?

What?	How?	Shift NFI Curve
Attractiveness of Domestic Assets	Negatively	Left
Domestic Real Interest Rate	–	**
Riskiness of Domestic Assets	+	Right
Govt. Restrictions on Foreign Holders of Domestic Assets	+	Right
Attractiveness of Foreign Assets	Positively	Right
Foreign Real Interest Rate	+	Right
Riskiness of Foreign Assets	–	Left
Govt. Restrictions on Domestic Holders of Assets Abroad	–	Left

**No shift. Movement along curve.

What Does Net Exports (NX) Depend On?

What?	How?	Shift NX Curve
Attractiveness of Domestic Goods	Positively	Right
Relative Price of Domestic Goods	–	**
= Real Exchange Rate, $E=eP/P^*$	–	**
Tastes for Domestic Goods	+	Right
Govt. Restrictions on Exports	–	Left
Attractiveness of Foreign Goods	Negatively	Left
Real Exchange Rate, $E=eP/P^*$	–	**
Tastes for Foreign Goods	–	Left
Govt. Restrictions on Imports	+	Right

**No shift. Movement along curve.