China yuan undervalued by between 5 to 27 pct-sources

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WASHINGTON, July 27 (Reuters) - International Monetary Fund staff estimates show the Chinese yuan is undervalued somewhere between 5 to 27 percent, two sources who have seen the staff report told Reuters on Tuesday.

Eswar Prasad, a senior fellow at the Washington-based Brookings Institution and a former IMF official, said IMF staff had used different methodologies to determine how much the currency was undervalued and was published as a footnote in the IMF staff paper on China.

A financial diplomat in Beijing confirmed the range of between 5 and 27 percent.

While IMF staff called the currency "substantially undervalued," the board of member countries dropped that the "substantially" undervalued tag in the final report published on Tuesday and said several directors believed the yuan is undervalued.