

Name: _____

Team: _____

Unit 6: International Trade

Key Terms	Balance of Payments
<p>Export-</p> <p>Import-</p> <p>Net Exports (X_N)-</p> <p>Trade Deficit-</p> <p>Trade Surplus-</p>	<p>Balance of Payments-</p> <p>Current Account-</p> <p style="text-align: center;">Example:</p> <p>Capital Account-</p> <p style="text-align: center;">Example:</p>
Foreign Exchange (FOREX)	FOREX Shifters
<p><u>Appreciation</u>- The US dollar will appreciate relative to another currency if demand for the dollar _____ or if supply _____. This will cause US exports to _____ and imports to _____.</p> <p><u>Depreciation</u>- The US dollar will depreciate relative to another currency if demand for the dollar _____ or if supply _____. This will cause US exports to _____ and imports to _____.</p>	<ol style="list-style-type: none"> 1. 2. 3. 4.
Foreign Exchange Market	Appreciation and Depreciation
<p>Draw the foreign exchange market for Mexican Pesos. Show what happens to the value of pesos relative to the US dollar if interest rates in Mexico are higher</p> <div style="border: 1px solid black; height: 150px; width: 100%; margin-top: 10px;"></div>	<ol style="list-style-type: none"> 1. If American tourists increase visits to Japan, the supply of US dollars will _____ and the demand for Japanese yen will _____. The dollar will _____ and the yen will _____. 2. If the US government significantly decreases personal income taxes, the dollar will _____ and the yen will _____. 3. If inflation in the Japan rises significantly faster than in the US, the dollar will _____ and the yen will _____. 4. If Japan has a large budget deficit that increases Japanese interest rates, the dollar will _____ and the yen will _____. 5. If Japan places high tariffs on all US imports, the dollar will _____ and the yen will _____. 6. The US suffers a larger recession the dollar will _____ and the yen will _____.