

- 1 India and China are major trading partners. Suppose a recession in China leads to a decrease in average income in China, leading people in China to have lower demand for goods and services produced in the rest of the world. Describe and illustrate the impact on the equilibrium exchange rate between Indian Rupee (INR) and the Chinese Yuan (CNY).
- 2 Suppose global demand for oil increases. Oil exports in Iraq are 99% of its total exports. Describe and illustrate the impact of the increase in oil demand on the equilibrium exchange rate between U.S. Dollars (USD) and Iraqi Dinars (IQD).
- 3 Suppose interest rates increase in both Japan and the Korea, but the increase is smaller in Japan than it is in the Korea. Illustrate and describe the impact on the Korean Won (KRW) / Japanese (JPY) exchange rate.

- 4 On September 16, 2022, the Swiss Franc (CHF) / Euro (EUR) exchange rate was  $1 \text{ CHF} = 1.04 \text{ EUR}$ .
- a Suppose a European person is buying a car in Switzerland for 22,000 CHF. What will be the price in Euros?
  - b Suppose a Swiss is traveling in Spain, and hotel room costs 280 EUR. What is the cost in Swiss Francs?
  - c In September 2021, the exchange rate was  $1 \text{ CHF} = 0.92 \text{ EUR}$ . From September 2021 to September 2022, did the Swiss Franc appreciate or depreciate against the Euro? Did the Euro appreciate or depreciate against the Swiss Franc?