

- 1 India and Australia are major trading partners. Suppose a recession in India leads to a decrease in average income in India, leading people in India 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 India and Australia.
- 2 Suppose the China reduces trade restrictions that allow for more goods and services imported from the United States. Describe and illustrate the impact on the equilibrium exchange rate between U.S. Dollars (USD) and Chinese Yuan (CNY).
- 3 Suppose interest rates decrease in both Japan and the Korea, but the decrease 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 19, 2021, the Swiss Franc (CHF) / Euro (EUR) exchange rate was $1 \text{ CHF} = 0.91 \text{ EUR}$.
- a Suppose a European person is buying a car in Switzerland for 18,000 CHF. What will be the price in Euros?
 - b Suppose a Swiss is traveling in Spain, and hotel room costs 190 EUR. What is the cost in Swiss Francs?
 - c In May 2018, the exchange rate was $1 \text{ CHF} = 0.83 \text{ EUR}$. From May 2018 to September 2021, did the Swiss Franc appreciate or depreciate against the Euro? Did the Euro appreciate or depreciate against the Swiss Franc?