Worksheet 22.1

Exchange Rate Determinants and Diagram Practice

Exchange rate diagrams can be a source of confusion for students. It’s easy enough to switch currencies around and show depreciation when you think you’re showing the opposite. Here’s another opportunity to refine your understanding of exchange rates determinants and practice the diagramming of them as well.

1. ‘US growth spurs boom in Mexican exports.’ Currency: Mexican Peso.

   Determinant:
2. ‘Political turmoil in Syria hits the Syrian Pound.’
   Determinant:

3. ‘Investors sweeping in to Romania are buying up the Romanian New Lei (RON).’
   Determinant:
4. ‘The Swiss Central Bank raises interest rates while the European Central Bank holds theirs steady.’

5. ‘Global investors flee the Indian Rupee on fears of conflict with neighbors.’
6. ‘Inflation rises for sixth straight months in Norway, affecting the value of the Krone against the Euro.’