

Saudi Arabian Riyal and the U.S. Dollar (100 Points)

While Saudi Arabia seeks to diversify its economy, the Saudi economy is dominated by the petroleum sector. In addition, the Saudi Arabian Riyal (SAR) is pegged to the U.S. Dollar. For this week's discussion, please answer the following questions:

- What are the advantages and disadvantages of the pegged exchange rate?
- Analyze the effect on the economy of Saudi Arabia (GDP, interest rates, inflation, and trade balance) given two scenarios when there is a dramatically declining world oil price or a dramatical

dramatically increasing world oil price.

Directions:

- Your essay is required to be four to five pages in length, which does not include the title page and reference pages, which are never a part of the content minimum requirements.
- Support your submission with course material concepts, principles, and theories from the textbook and at least three scholarly, peer-reviewed journal articles. Use the Saudi Digital Library to find your resources.
- Use Saudi Electronic University academic writing standards and follow APA style guidelines.

- It is strongly encouraged that you submit all assignments into Turnitin prior to submitting them to your instructor for grading. If you are unsure how to submit an assignment into the Originality Check tool, review the Turnitin – Student Guide for step-by-step instructions.

