

# Currency Depreciation (120 Points)

Exchange rate fluctuation may affect industries that are in direct competition with foreign producers or rely on their supplies. Specifically, international competitiveness is affected through the influence the exchange rate has on relative costs. In a critical essay, assume that the following four events are taking place:

- Americans increase their travel to Europe.
- Saudi investors purchase large amounts of U.S. stocks
- U.S. interest rates increase suddenly because of a relative increase of world interest rates

- Other countries experience economic and political turmoil and become less stable when compared to the United States.

Then, please answer the following questions:

- How will each event affect the foreign exchange market?
- Will your answer be different if the currency was pegged?
- Please explain if a dirty float system will change your assessment

## **Directions**

- Your essay is required to be five to six 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 Turnit

the Turnitin – Student Guide for step-by-step instructions.

- Review the grading rubric to see how you will be graded for this assignment.