

Handout 7-7-2

Foreign Exchange Worksheet

1. The three functions of money are to serve as:

2. The value of any currency is determined by the _____ of it and the _____ for it.

3. When a currency decreases in value, we say it _____

When a currency increases in value, we say it _____

4. What do we call the places or means of communication by which the value of one country's currency is established in terms of other currencies, and the currencies are traded? _____

5. Assume the United States produces new products that citizens of other countries buy in large quantities. All other things being equal, what will happen to the value of the American dollar in terms of foreign currencies? _____

6. Assume the number of U.S. citizens traveling to foreign countries greatly increases. All other things being equal, what will happen to the value of the American dollar in terms of foreign currencies? _____

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