

## Exchange Rates



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Perhaps not exactly, for there are usually transactions charges.

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$$1\text{€} = \$2.00$$

- You can exchange \$2 for one Euro.
- You can exchange one Euro for \$2.

## Exchange Rates

The Dollar has depreciated.

- You can exchange one Euro for \$1.50
- You can exchange one Euro for \$2.

**1€ = \$2.00**

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Supply and Demand

## Our Agenda

- Show how exchange rates are determined.

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- Show how exchange rates are determined.
- Some history
- A review of international monetary systems.
- Issues in monetary systems.
  - The Euro
  - Currency Boards
  - Managed Float

End

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