

- 1 Indonesia's largest exports are commodities and energy sources, including palm oil, gold, and petroleum gas. Indonesia's largest trading partner is China. As global prices of commodities and energy declined in 2022, Chinese demand for these goods shifted away from Indonesia toward other countries. Describe and illustrate the impact on the exchange rate between the Chinese Yuan (CNY) and the Indonesia Rupiah (IDR).
- 2 Demand for crude oil in India increased throughout 2022. Oil exports in Iraq are 99% of its total exports and India is one of Iraq's largest trading partners. Describe and illustrate the impact of the increase in oil demand in India on the equilibrium exchange rate between Indian Rupee (INR) and Iraqi Dinars (IQD).

- 3 In March 2022, Russia increased interest rates by 10 percentage points, while interest rates in the Euro area did not change. Describe and illustrate the impact on the exchange rate between the Russian Ruble (RUB) and the Euro (EUR).
- 4 Suppose financial investors expect the U.S. Dollar to appreciate against the Euro over the next three months. Describe and illustrate the impact on the exchange rate between the U.S. Dollar (USD) and the Euro (EUR).

- 5 On February 3, 2023, the Euro (EUR) / United Kingdom Pound Sterling (GBP) exchange rate was  $1 \text{ GBP} = 1.12 \text{ EUR}$ .
- a Suppose a French person is buying a car in the United Kingdom for 42,000 GBP. What will be the price in Euros?
  - b Suppose a British person is traveling in Spain, and hotel room costs 280 EUR. What is the cost in U.K. Pounds?
  - c One year ago, on February 3, 2022, the exchange rate was  $1 \text{ GBP} = 1.12 \text{ EUR}$ . From February 2022 to February 2023, did the U.K. Pound Sterling appreciate or depreciate against the Euro? Did the Euro appreciate or depreciate against the U.K. Pound Sterling?