When the Dollar Moves

A stronger or weaker dollar quietly picks winners and losers on both sides of a trade.

Name: _____ Date: _____

OBJECTIVE

Describe what causes exchange rates to change, and explain how currency appreciation and depreciation affect different groups in the U.S. and abroad.

1. What moves exchange rates?

- ☐ Interest rate differences between countries
- ☐ Inflation differences between countries
- ☐ Relative demand for a country's exports
- ☐ Political and economic stability
- ☐ Speculation and investor expectations

2. Appreciation vs. depreciation

The dollar APPRECIATES (strengthens) against the euro. Fill in each effect.

Group	Effect
A U.S. shopper buying imported goods	
A U.S. company exporting to Europe	
A European tourist visiting the U.S.	
A U.S. tourist visiting Europe	

3. Work the scenario

A Georgia carpet manufacturer exports to France. The dollar strengthens 15% against the euro this year.

Does this help or hurt the manufacturer's sales in France? _____ Why:

_____

4. Georgia's ports move billions in exports every year. If the dollar stays strong for several years straight, what's one risk for Georgia's export-driven jobs?