Solutions

Each answer shows the steps, then the **result**.

2.1

- the price of one currency expressed in terms of another

2.2

- appreciation is a rise in a currency's value; depreciation is a fall

2.3

- by the supply of and demand for the currency

3.1 B

3.2 B

3.3

(a)

- appreciated

(b)

- they become dearer for Europeans, so US exports fall

(c)

- European goods become cheaper, so US imports rise