**Modules 41-42 (cont’d)**

Net Exports (Xn)-

Does a country’s currency appreciate or depreciate if its:

Demand increases-

Supply increases-

Demand decreases -

Supply decreases –

4 FOREX shifters:

1.

2.

3.

4.

**Module 43**

Why the nominal exchange rate is important –

Fixed exchange rate-

Floating exchange rate-