**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-