Chp. 18 Sec. 2

1. What do foreign exchange markets do?
2. What is a fixed rate of exchange?
3. What does the international monetary fund do?
4. What advantages did a fixed rate of exchange have?
5. Why is the fixed rate of exchange impractical?
6. How does the flexible exchange rate work?
7. What is depreciation?
8. Explain how the balance of trade for a nation changes if the currency of the country becomes weak or strong?
9. How can a trade deficit be a good thing?