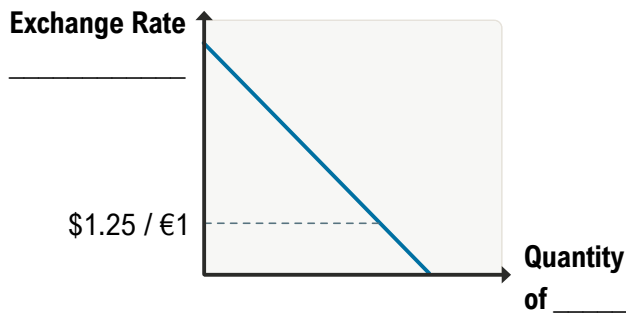


**TOPIC: EXCHANGE RATES: EQUILIBRIUM**

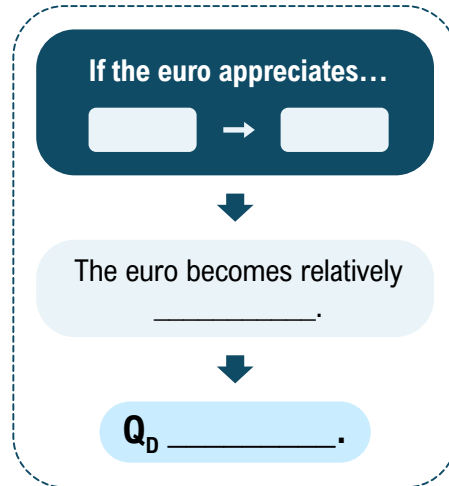
**Market for Foreign Exchange: Demand**

- ♦ Trading currencies is important for travelers, currency traders, and multi-national businesses.
  - Currencies are exchanged in the **market for \_\_\_\_\_ exchange.**

**Market for Foreign Exchange**  
Euros (€) and US Dollars (\$)

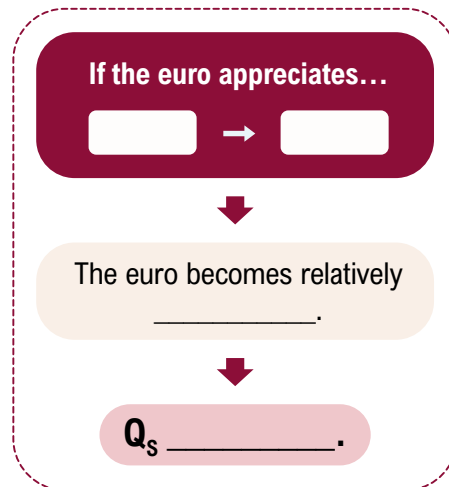
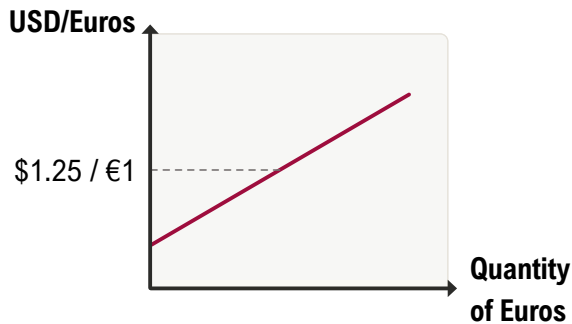


The exchange rate represents the \_\_\_\_\_ of one currency in the value of the other currency.



**Market for Foreign Exchange: Supply**

**Market for Foreign Exchange**  
Euros (€) and US Dollars (\$)



- ♦ The \_\_\_\_\_ exchange rate will balance  $Q_D$  and  $Q_S$  of a currency.

**Market for Foreign Exchange**  
Euros (€) and US Dollars (\$)

