

# Macroeconomics A; EI060

## Quiz

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### 1 Exchange rate

**Question:** What is the different between a nominal and a real exchange rate?

### 2 Real exchange rate and intertemporal consumption

**Question:** Consider that a country always has a strong real exchange rate (the price of non-traded good is always high). How does this affect the timing of the consumption of traded goods?

What if the real exchange rate depreciates, meaning that we start with a high price of non-traded goods, but then it decreases.

### 3 International prices

**Question:** What is purchasing power parity?

What is the link between the terms-of-trade and the real exchange rate?

### 4 Productivity and the real exchange rate

**Question:** Consider that traded and non-traded goods are produced using capital (mobile across sectors and countries) and labor (mobile across sectors)

How does a country's real exchange rate react to a productivity decrease in the production of traded good? What happens if the same decrease also occurs abroad?