



ESA Case Competition: Global Markets Challenge

STUDY GUIDE

ESA Case Competition 2025

ESA
UBC Economics
Student Association

INTRODUCTION

In January 2025, the global financial landscape was shaken by a surge in the US dollar, fueled by escalating geopolitical tensions and policy shifts. President Donald Trump's proposed tariffs on BRICS nations (Brazil, Russia, India, China, and South Africa) brought in a new phase of economic protectionism, driving investors toward the US dollar as a safe-haven asset. Simultaneously, political instability in France triggered uncertainty in European markets, further strengthening the US dollar.

The consequences of this fluctuation were profound. Emerging market currencies, particularly those of the BRICS nations, experienced sharp depreciation, prompting central banks worldwide to intervene. Commodity-exporting economies, already vulnerable to currency fluctuations, faced declining trade revenues. Stock markets witnessed volatility as investors scrambled to revise their portfolios in response to currency and trade risks.



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INTRODUCTION

Against this backdrop, multinational corporations operating in affected regions were forced to reassess their financial strategies, grappling with increased operational costs, shifting trade dynamics, and policy uncertainty.

This case invites participants to critically analyze the economic ramifications of a rapidly strengthening US dollar. How do currency fluctuations impact trade balances, inflation, and economic growth? What options do governments and central banks have to stabilize their economies? How can businesses navigate financial uncertainty and mitigate risks associated with currency volatility?

Through rigorous economic analysis, policy evaluation, and strategic recommendations, participants will craft solutions that address the complexities of global market turbulence. The challenge is not only to interpret the forces shaping this economic landscape but also to propose creative, forward-thinking strategies that can guide policymakers and businesses through an uncertain financial future.



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BACKGROUND

Earlier this year, the US dollar surged to its highest levels since the post-election period of Donald Trump, with the US Dollar Index rising by 0.6%. This appreciation was primarily driven by two factors:

1. US Tariff Threats: President-elect Donald Trump announced intentions to impose substantial tariffs on BRICS nations (Brazil, Russia, India, China, and South Africa) as a countermeasure against their efforts to reduce reliance on the US dollar in international trade. This announcement led to increased demand for the US dollar as investors sought safe-haven assets amidst anticipated trade disruptions.
2. European Political Instability: In France, a political crisis emerged with fears of a no-confidence vote against Prime Minister Michel Barnier. The uncertainty surrounding the French government led to a decline in the euro by 0.8%, further strengthening the US dollar.



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IMPACT ON GLOBAL MARKETS

- **Currency Markets:** The appreciation of the US dollar exerted downward pressure on emerging market currencies, particularly those of the BRICS nations. For instance, the Chinese yuan fell to a 16-month low of 7.33 yuan per dollar, prompting the People's Bank of China to announce its largest sale of offshore bills to support the currency.
- **Commodity Markets:** A stronger US dollar typically leads to lower commodity prices, as commodities are priced in dollars. This scenario posed challenges for commodity-exporting countries within the BRICS, potentially affecting their trade balances and economic stability.
- **Equity Markets:** Global stock markets experienced volatility, with investors reassessing risk exposures. European equities, in particular, faced declines due to political uncertainties in France and the broader Eurozone.



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CASE OBJECTIVES

Participants are tasked with analyzing the following:

1. Economic Implications: Assess the short-term and long-term economic impacts of the US dollar surge on both developed and emerging economies, with a focus on the BRICS nations.
2. Policy Responses: Evaluate the potential monetary and fiscal policy responses that affected countries might adopt to mitigate adverse effects on their economies.
3. Strategic Recommendations: Propose strategies for multinational corporations operating in the affected regions to navigate the challenges posed by currency volatility and geopolitical tensions.



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DELIVERABLES

- Slide Deck: The slide deck serves as the primary medium for presenting the team's analysis, insights, and recommendations. There is no strict slide limit, but teams must ensure their presentation fits within a 12–15 minute time frame if selected for the final round. The deck should be visually compelling, concise, and strategically structured to effectively communicate key findings and recommendations. Participants should include supporting data, graphs, and case-specific insights wherever necessary to strengthen arguments.



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DELIVERABLES

- Working Paper (Optional): Teams may also submit a working paper to provide a more detailed, in-depth analysis of their findings and proposed solutions. This document can be used to elaborate on key concepts and analyses that may not fit in the slide deck. The working paper serves as a supplementary resource to help judges fully understand the team's thought process and methodology. While optional, a well-structured working paper can enhance the overall submission by providing additional depth to a team's arguments.

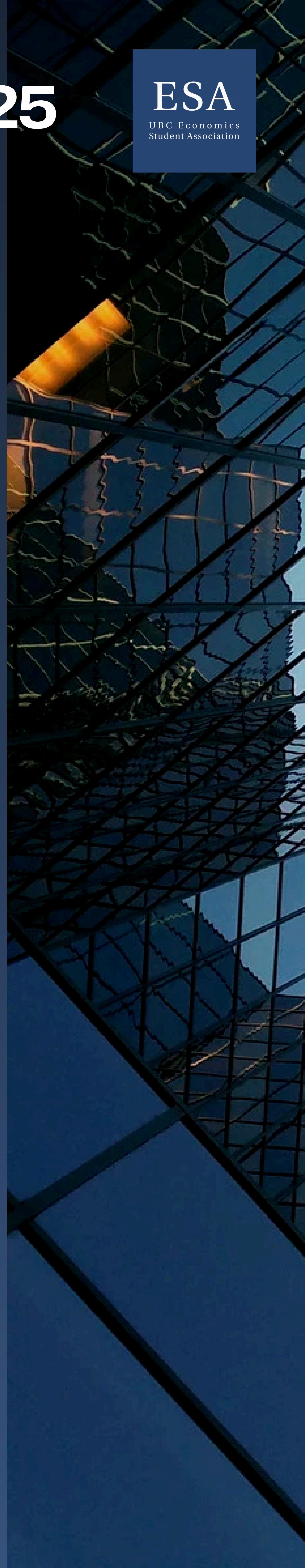


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EVALUATION CRITERIA

Participants will be graded based on the following criteria:

- **Economic Analysis [30 points]:** The deliverables should provide a sophisticated and well-supported assessment of the short- and long-term economic impacts on both developed and emerging markets, particularly BRICS nations by using robust data and clear reasoning. The relationship between currency volatility, trade balances, and inflation should be clearly explained and a strong understanding of investor behavior in equity, commodity, and currency markets should be demonstrated.
- **Policy Responses [25 points]:** Participants should propose well-reasoned and feasible monetary policy responses (e.g., central bank interventions, interest rate adjustments) with strong justification as well as well-structured fiscal policy suggestions (e.g., trade adjustments, government spending) backed by data and case studies.



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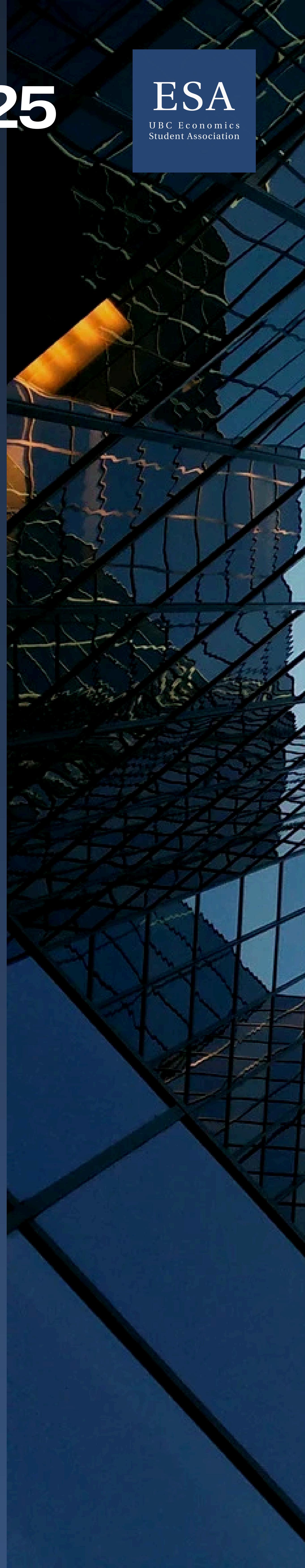
EVALUATION CRITERIA

- **Strategic Recommendations for Corporations [20 points]:**

Recommendations are evaluated on their ability to identify clear opportunities for businesses to adapt to changing financial conditions and to provide innovative strategies. They should provide comprehensive risk mitigation strategies for multinational corporations facing currency volatility and geopolitical risks.

- **Organization [15 points]:** All deliverables must be well-structured, logically organized, and easy to follow. All claims are to be supported by data and citations, and the presentation style should be engaging, professional, and visually appealing.

- **Innovation and Creativity [10 points]:** Submitted analyses and solutions should demonstrate unique insights, fresh perspectives, and innovative economic approaches.



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ADDITIONAL RESOURCES

Participants are encouraged to consult the following articles for further insights:

1. "China steps up defence of renminbi against Wall Street bets" Financial Times
2. "Trump repeats tariffs threat to dissuade BRICS nations from replacing US dollar" Reuters
3. "China's currency hits 16-month low on Trump tariff fears" Financial Times
4. "France's budget talks crumble, raising doubts about government's survival" Reuters
5. "The ironies of Trump's tantrums about the dollar" Financial Times
6. "The chain of contradictions in Trump's economic policy" Financial Times
7. "US tariffs on Canadian goods will come into effect Saturday, White House says" CBC

