



Week 10

Strong Dollar

U.S. Goods cheaper
to Foreigners

Exports (X)

increase

Foreign Goods cheaper
to Americans

Imports (M)
increase

Foreign goods more
expensive to Americans

Imports (M)
decrease

U.S. Goods more
expensive to Foreigners

Exports (X)

decrease

If you are...

An American
Exporter,



A weak
currency is best

An American
Importer,

You prefer a
strong dollar



Exports more
than imports,

If your
country...

You prefer a
weak dollar

Imports, more
than exports

A strong
currency is best

If your country...	Weak Dollar	Strong Dollar
Exports more than imports,	U.S. Goods cheaper to Foreigners	U.S. Goods more expensive to Foreigners
A weak currency is best	Exports (X) increase	Exports (X) decrease
Imports, more than exports	Foreign goods more expensive to Americans	Foreign Goods cheaper to Americans
A strong currency is best	Imports (M) decrease	Imports (M) increase

$$\text{Deficit/Surplus} = \text{Exports} - \text{Imports}$$