



What determines Exports?

American goods are more expensive than foreign goods: Foreigners buy **less** U.S. goods



U.S. Exports decrease

U.S. Exports increase

2. U.S. Prices relative to foreign prices

US.Pricesrise

American goods are
cheaper than foreign
goods: Foreigners buy
more U.S. goods



U.S. Prices Fall

What determines Exports?

2. U.S. Prices relative to foreign prices

U.S. Prices **rise** → American goods are more expensive than foreign goods: Foreigners buy **less** U.S. goods

U.S. Exports **decrease**

U.S. Prices **fall** → American goods are cheaper than foreign goods: Foreigners buy **more** U.S. goods

U.S. Exports **increase**

