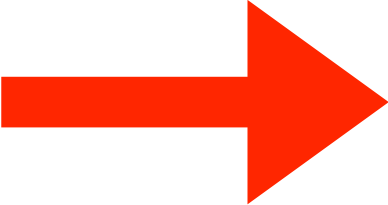


2

5

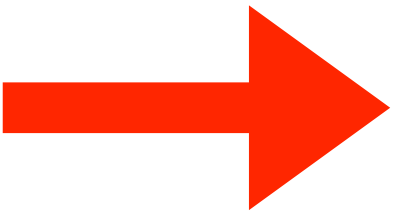
What determines Imports?



U.S. Imports decrease

2. The Exchange Rate: the Value of the U.S. dollar
relative to a foreign currency

Waker U.S. Dollar



U.S. Imports increase

Stronger U.S. dollar

What determines Imports?

2. The **Exchange Rate**: the **Value of the U.S. dollar relative** to a foreign currency

Weaker U.S. Dollar → U.S. Imports **decrease**

Stronger U.S. dollar → U.S. Imports **increase**

Components of Aggregate Demand