21

Weak Dollar

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

Deficit/Surplus = Exports - Imports