

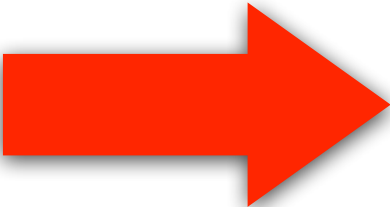


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# What determines Exports?

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



U.S. Exports decrease

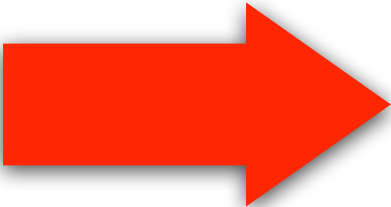
U.S. Exports increase

## 2. U.S. Prices relative to foreign prices



U.S. Prices **rise** relative  
to prices abroad

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

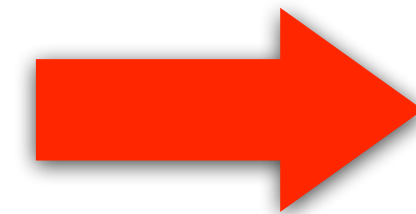


U.S. Prices **fall** relative  
to prices abroad

# What determines Exports?

## 2. U.S. Prices relative to foreign prices

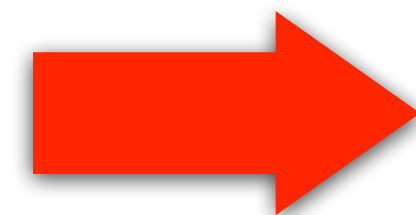
U.S. Prices **rise** relative to prices abroad



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

U.S. Exports **decrease**

U.S. Prices **fall** relative to prices abroad



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

U.S. Exports **increase**

A detour into Exchange Rates...