



TRƯỜNG ĐẠI HỌC KINH TẾ, ĐHQGHN
KHOA TÀI CHÍNH – NGÂN HÀNG

MÔN KINH TẾ HỌC TIỀN TỆ - NGÂN HÀNG

NỘI DUNG 10
TỶ GIÁ VÀ CÁC NHÂN TỐ ẢNH HƯỞNG

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FIGURE 3

Equilibrium in the Foreign Exchange Market

Equilibrium in the foreign exchange market occurs at point B, the intersection of the demand curve D and the supply curve S . The equilibrium exchange rate is $E^* = 1$ euro per dollar.

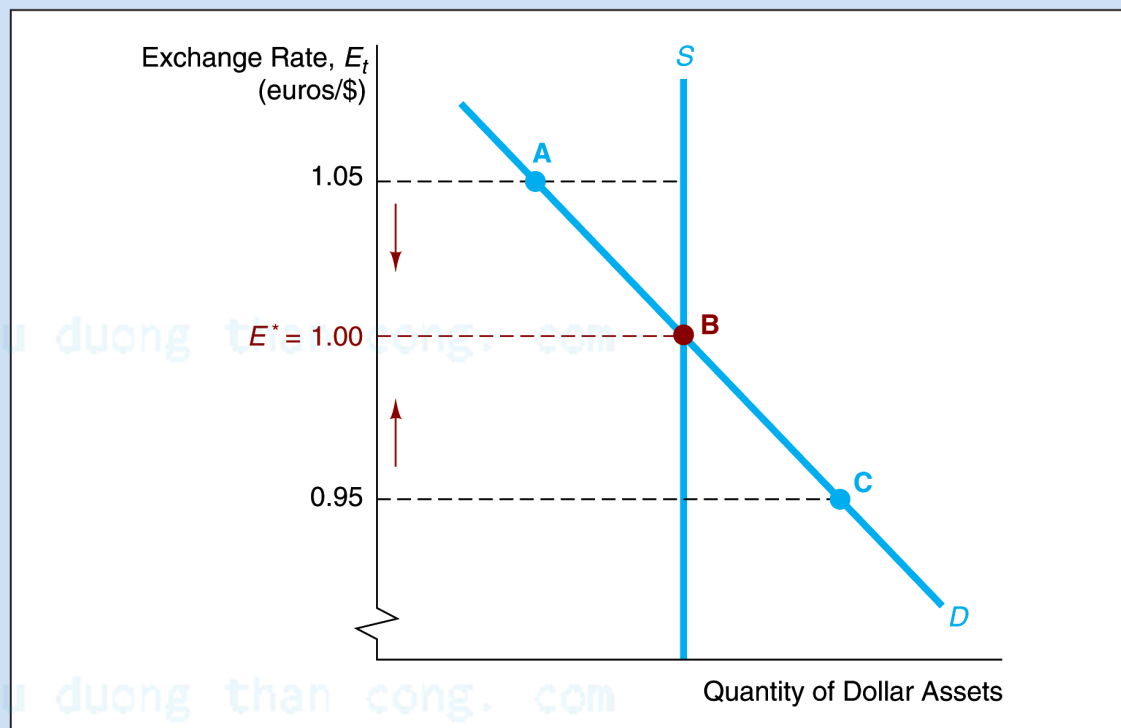




FIGURE 4

Response to an Increase in the Domestic Interest Rate, i^D

When the domestic interest rate i^D increases, the relative expected return on domestic (dollar) assets increases and the demand curve shifts to the right. The equilibrium exchange rate rises from E_1 to E_2 .

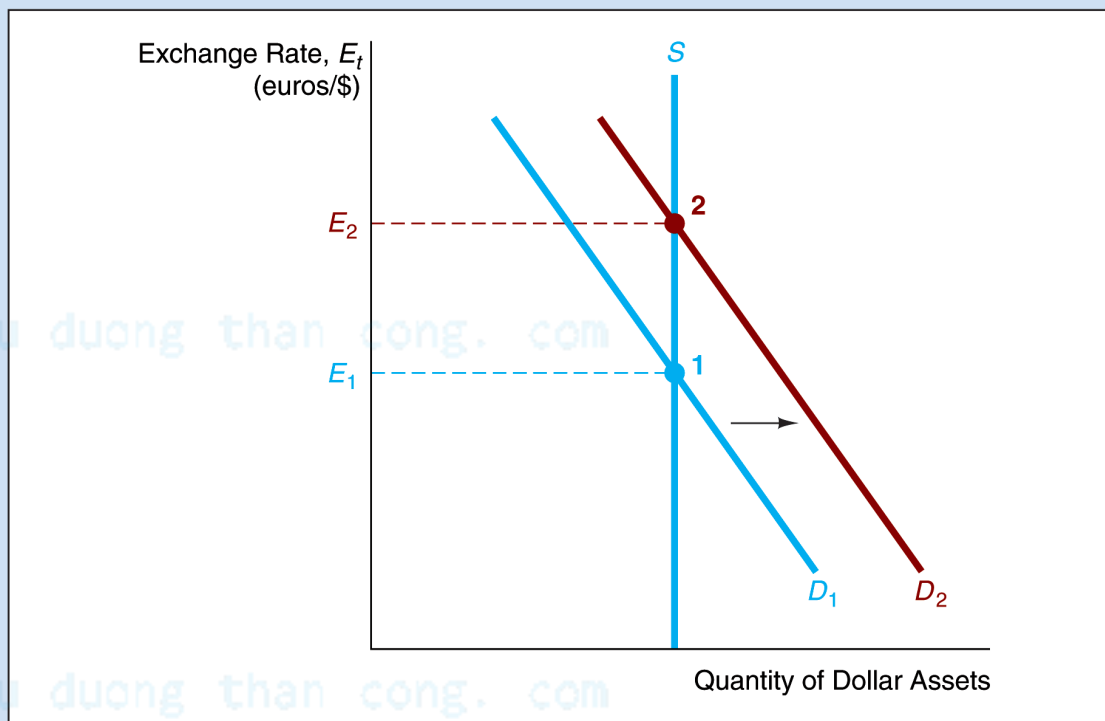




FIGURE 5

Response to an Increase in the Foreign Interest Rate, i^F

When the foreign interest rate i^F increases, the relative expected return on domestic (dollar) assets falls and the demand curve shifts to the left. The equilibrium exchange rate falls from E_1 to E_2 .

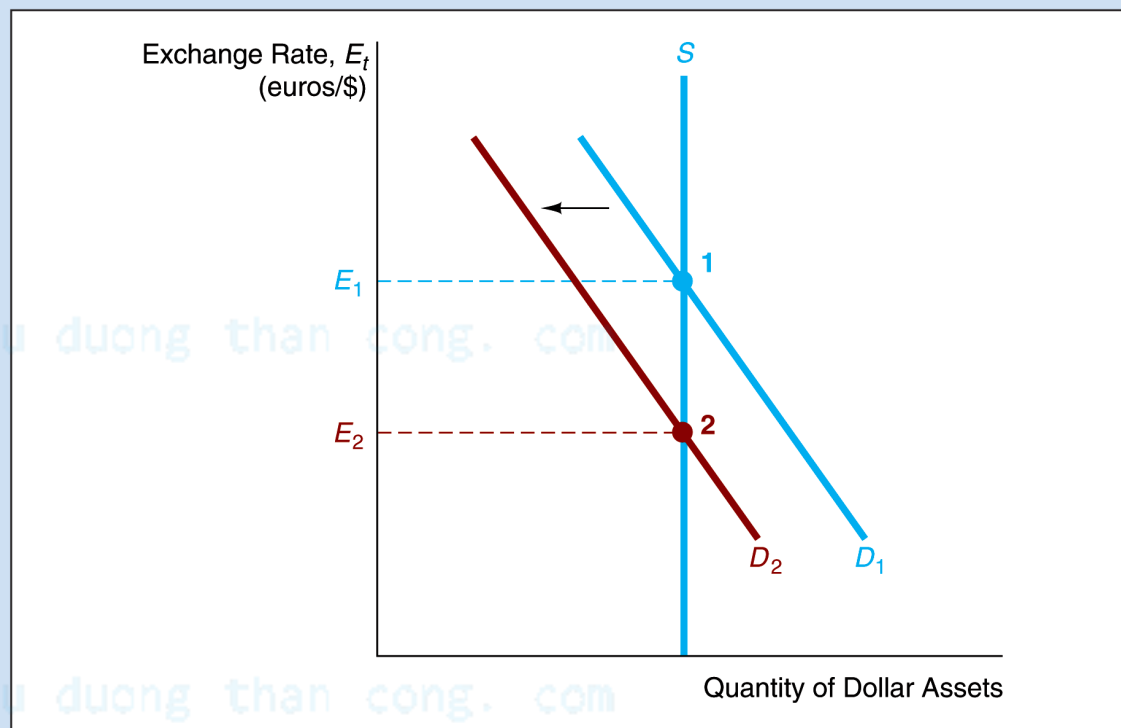
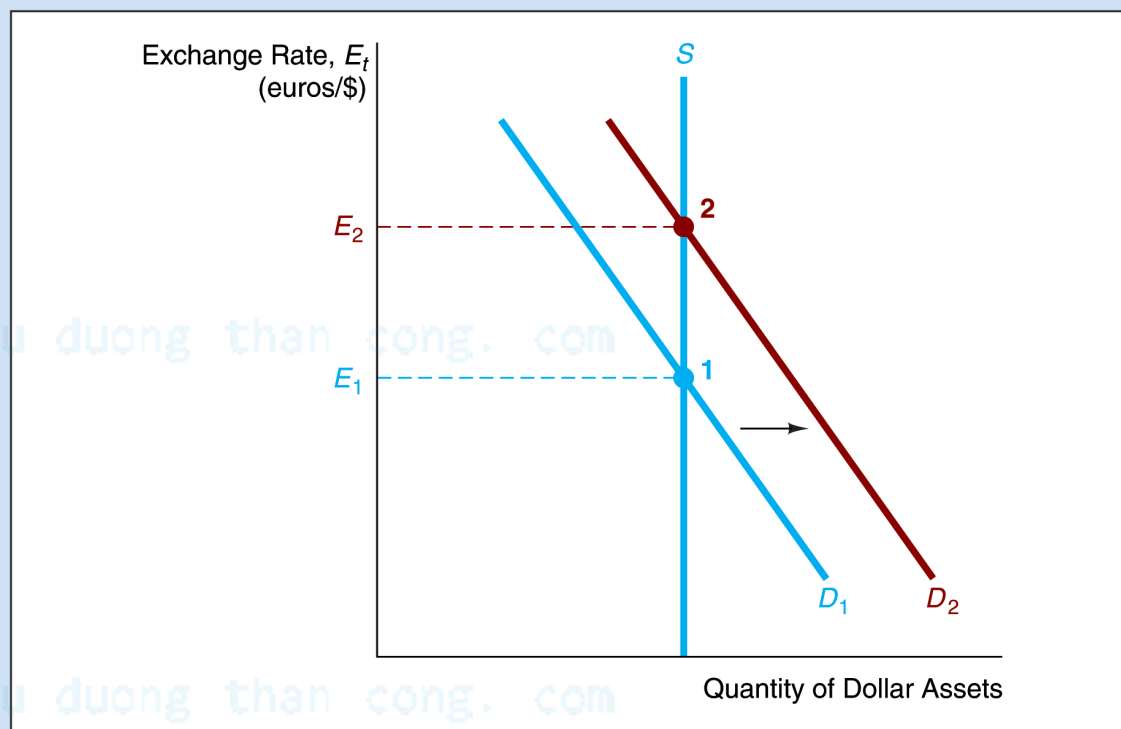




FIGURE 6

Response to an Increase in the Expected Future Exchange Rate, E_{t+1}^e

When the expected future exchange rate increases, the relative expected return on domestic (dollar) assets rises and the demand curve shifts to the right. The equilibrium exchange rate rises from E_1 to E_2 .





SUMMARY **TABLE 2 Factors That Shift the Demand Curve for Domestic Assets and Affect the Exchange Rate**

Factor	Change in Factor	Change in Quantity Demanded of Domestic Assets at Each Exchange Rate	Response of Exchange Rate, E_t	
Domestic interest rate, i^D	↑	↑	↑	<p>The graph shows the market for dollar assets. The vertical axis is the exchange rate E_t and the horizontal axis is Dollar Assets. A vertical supply curve S_A is shown. The initial equilibrium is at the intersection of S_A and demand curve D_1, corresponding to exchange rate E_1. An increase in the domestic interest rate shifts the demand curve rightward to D_2. The new equilibrium is at the intersection of S_A and D_2, corresponding to a higher exchange rate E_2.</p>
Foreign interest rate, i^F	↑	↓	↓	<p>The graph shows the market for dollar assets. The vertical axis is the exchange rate E_t and the horizontal axis is Dollar Assets. A vertical supply curve S_A is shown. The initial equilibrium is at the intersection of S_A and demand curve D_1, corresponding to exchange rate E_1. An increase in the foreign interest rate shifts the demand curve leftward to D_2. The new equilibrium is at the intersection of S_A and D_2, corresponding to a lower exchange rate E_2.</p>
Expected domestic price level*	↑	↓	↓	<p>The graph shows the market for dollar assets. The vertical axis is the exchange rate E_t and the horizontal axis is Dollar Assets. A vertical supply curve S_A is shown. The initial equilibrium is at the intersection of S_A and demand curve D_1, corresponding to exchange rate E_1. An increase in the expected domestic price level shifts the demand curve leftward to D_2. The new equilibrium is at the intersection of S_A and D_2, corresponding to a lower exchange rate E_2.</p>
Expected trade barriers*	↑	↑	↑	<p>The graph shows the market for dollar assets. The vertical axis is the exchange rate E_t and the horizontal axis is Dollar Assets. A vertical supply curve S_A is shown. The initial equilibrium is at the intersection of S_A and demand curve D_1, corresponding to exchange rate E_1. An increase in expected trade barriers shifts the demand curve rightward to D_2. The new equilibrium is at the intersection of S_A and D_2, corresponding to a higher exchange rate E_2.</p>

(continued)





SUMMARY

TABLE 2 Factors That Shift the Demand Curve for Domestic Assets and Affect the Exchange Rate (continued)

Factor	Change in Factor	Change in Quantity Demanded of Domestic Assets at Each Exchange Rate	Response of Exchange Rate, E_t	
Expected import demand	↑	↓	↓	
Expected export demand	↑	↑	↑	
Expected productivity*	↑	↑	↑	

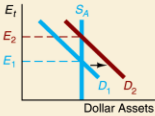


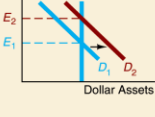
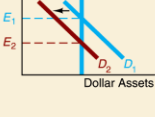
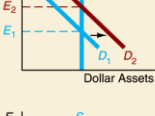
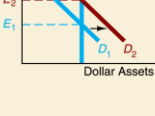
*Relative to other countries.

Note: Only increases (↑) in the factors are shown; the effects of decreases in the variables on the exchange rate are the opposite of those indicated in the “Response” column.





SUMMARY TABLE 2 Factors That Shift the Demand Curve for Domestic Assets and Affect the Exchange Rate

Factor	Change in Factor	Change in Quantity Demanded of Domestic Assets at Each Exchange Rate	Response of Exchange Rate, E_t	
Domestic interest rate, i^D	↑	↑	↑	
Foreign interest rate, i^F	↑	↓	↓	
Expected domestic price level*	↑	↓	↓	
Expected trade barriers*	↑	↑	↑	
Expected import demand	↑	↓	↓	
Expected export demand	↑	↑	↑	
Expected productivity*	↑	↑	↑	

*Relative to other countries.

Note: Only increases (↑) in the factors are shown; the effects of decreases in the variables on the exchange rate are the opposite of those indicated in the "Response" column.





FIGURE 7

Effect of a Rise in the Domestic Interest Rate as a Result of an Increase in Expected Inflation

Because a rise in domestic expected inflation leads to a decline in expected dollar appreciation that is larger than the increase in the domestic interest rate, the relative expected return on domestic (dollar) assets falls. The demand curve shifts to the left, and the equilibrium exchange rate falls from E_1 to E_2 .

