You should be able to…

… define each of the Key Terms at the end of chapters 12-19.

… present the arguments that lead to each of the Key Points at the end of chapters 12-19.

… understand exchange rate quotations and use changes in exchange rate quotation data to calculate rates of appreciation or depreciation, and to use exchange rate data to compare prices in a common currency

… distinguish between different exchange rate regimes

… distinguish between the different type of foreign exchange contracts

… discuss how arbitrage works in foreign exchange spot markets and international asset markets

… distinguish between covered and uncovered interest parity theories of interest rate determination, note when each applies and what they help us to understand

… discuss the law of one price and how it applies to exchange rates

… present the long-run model of exchange rate determination

… present the short-run model of exchange rate determination

… present and discuss the “trilemma” of international policy choices

… use national income accounts to calculate balance of payments, and relate the notions of trade balance, current account, financial account and capital account

… discuss the potential gains from international financial globalization and the degree to which they have or have not been realized by nations in today’s international economy, including reasons for the failure of the gains to be realized

… present the short-run model of income and output determination for an open economy

… use the open-economy model to discuss the consequences of market shocks and temporary policy changes on output, interest rates and exchange rates in the short-run

… discuss the problems surrounding short-run macroeconomic policy design and implementation

… give a broad overview of the development of international monetary experience over the past 150 years