

# [Business about currency](https://assignbuster.com/business-about-currency/)

USD and Euro Exchange Rate The general economic activities that will explain the daily fluctuation in USD and Euro exchange rate will be tackled in details. Upon explaining the factors that triggers the changes in exchange rate, whether or not we should buy or sell Euro against the dollar will be tackled accordingly.
Week 5 – March 22, 2010
Changes back on March 22 to March 24, 2010 do not have anything to do with the US unemployment rate. This is because the unemployment rate in U. S. has been fixed at 9. 70% between January to March, 2010. Therefore, strengthening of the Euro could be due to a higher GDP in UK. (See Table I – 2010 U. S. Unemployment Rate below)
Table I – 2010 U. S. Unemployment Rate
2010 U. S. Unemployment Rate
January
February
March
April
9. 70
9. 70
9. 70
9. 90
Source: Trading Economics, 2010
Because of the debt of Greece, investors were reluctant whether or not a solution will be developed to solve Greece’s debts (CNN Money a). Due to the distress in euro zone, the real value of USD increased against major currencies like Euro. This explains the weakening of Euro against USD between March 22 and March 23, 2010. The uncertainty in the U. S. healthcare bill caused the decline in the USD against Euro exchange rate starting March 24, 2010 (Twin).
Week 6 – March 29, 2010
The real value of USD fell against Euro by 0. 5% to US$1. 3479. This was due to the strengthening of the Euro when the European Union leaders announced their decision to financially aid the debt of Greece during the summit in Brussels (Pepitone). The emergency bailout plan which aims to rescue to economic condition of Greece regain the confidence of investors with Euro.
Week 7 – April 5, 2010
Between April 5 to April 8, USD weakened against the Euro. This is probably due to the fact that the U. S. job market worsened as compared to the previous weeks or previous months (Trading Economics). Other than the increased in the U. S. unemployment rate, the U. S. light crude oil for the period of May delivery increased by $1. 75 per barrel. Because of the high cost of crude oil per barrel (US$86. 62), a lot of investors became less confident with regards to how trading will go over the next few days or next few months (Twin, CNN News).
Although there was a slight change in the cost of May delivery of crude oil last Thursday (April 8), decrease in the market price of imported crude oil per barrel remains high (US$85. 39) (Twin, CNN Money). Stocks also fell when big companies like General Motors announced its huge loss in the market. These factors together with the strengthening of Greece and other Euro members made the value of USD against Euro fell back on April 8. Aside from what is going on in the U. S. economy, the success of the European and Asian markets made the currency of USD weaken.
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