Assignment example

The dollar is currently exchanged for 80. 8295 Japanese Yen, . 6957 Euros 5661 Turkish Lira and . 960 Canadian Dollars. The United s Dollar has been in decline over the past year when compared to many of the other major currencies in the world. Much of this weakness in the dollar can be attributed to the trade deficit that the United States has and to the Federal deficit that the government is currently running. The Federal government has recently printed billions of dollars in paper money that they created out of thin air. If you look at supply and demand, there currently is more of a supply of United States Dollars than there is demand to hold this currency, therefore the value of the dollar is dropping. The weak dollar also shows that people do not have confidence in the United States government to be fiscally responsible. There are benefits to a weak dollar. One of the benefits is that it makes American exports more affordable for the rest of the world. A weak dollar can cause American companies that export lots of their goods to dramatically increase their profits. The problem with the weak dollar is that importing things from other countries is more expensive. This is very troubling for countries such as Canada and China that do a tremendous amount of trade with the United States. Both countries try to keep their currency exchanges with the United States in a position that favors their exports to America, but this is difficult to do and slightly illegal (but China still does it). The Turkish government on 1/1/2005 revalued the Turkish Lira. 1, 000, 000 of the old Lira would equal 1 of the New Turkish Lira. The transition went rather well, but did result in some strange prices for consumers. Some credit card banks did not get their computers reprogrammed promptly, resulting in abnormally high prices for common goods. These mistakes were sorted out between the consumers and the banks.