

Example of research paper on depreciation of the Australian dollar

[Environment](#), [Disaster](#)



The observed depreciation of the Australian dollar can be attributed to several factors. The primary factor is the slowdown in the economic growth of China. For many years, the Australian growth has been driven by the exportation of goods to China which is actually Australia most important trading partner. Some of these exports have included commodities like agricultural products, coal and ores. This trading venture has often been accompanied by relatively high prices for commodities. However, China has been experiencing a slight slowdown in the expansion of its economy and the ' Chinese commodity boom' has been rapidly declining (Financial Review, 2013). The Chinese Communist government has therefore been forced to initialize strategies that will pave way for the achievement of a reduced growth rate that is essentially less resource intensive. This decline in the Chinese commodity boom has consequently had an impact on the Australian dollar and the effect has been the decline of the dollar.

The decline of the Australian dollar can also be attributed to the economic recovery of the United States. The Australian has been one of the primary beneficiaries of the United States economic decline but with the US showing signs of recovery, it is very likely that the dollar will continue depreciating even further since this recovery places humongous pressure on the Australian dollar (Business Day, 2013).

Some economic strategists have even stated that the rapid free fall of the Australian dollar particularly on the period between 17 and 18th July 2013 could have been triggered by a fall of the New Zealand dollar (Financial Review, 2013). The New Zealand having also been experiencing a downfall

could have led the Australian dollar to the same decline extent due to positioning selling amongst other technical issues.

References

Financial Review. (2013). Financial Review Homepage, viewed 22 July 2013, <http://www.afr.com>

Business Day (2013). The Sydney Morning Herald, viewed 22 July 2013,