8 According to Parkfield scientists, how did cracks in the fault change before an earthquake hit?

A. They became much wider.
B. They became slightly narrower.
C. They became slightly wider.
D. They became much narrower.

9 In which space (marked A, B, C and D in the passage) will the following sentence fit?

And then they found something.

A. [A]
B. [B]
C. [C]
D. [D]

10 Which of the following could best describe the message that the author wants to pass to readers?

A. Earthquakes occur in crowded cities in the world.
B. Earthquakes are not entirely random but possible to predict.
C. Earthquake research has had a long and successful history.
D. It is unlikely we will ever be able to predict the Earth's movement accurately.

HỌC TỪ VỰNG

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PASSAGE 2

Questions 11-20

15 minutes

GHI CHÚ

Các câu hỏi dễ hơn cần ưu tiên trả lời đúng

- Câu hỏi thông tin chi tiết: **15, 19**
- Câu hỏi tham chiếu: **13**
- Câu hỏi từ vựng: **12, 14**
- Câu hỏi ý chính: **11**

As different countries have different currencies of money, an international market exists for these currencies. "Exchange rates" refers to the formulas used to determine how much any one country's currency can be bought or sold for relative to another country's currency. Some currencies, including the U.S. dollar, the European euro, and the Japanese yen, are considered **standard** currencies, so the prices of other less-popular currencies are often expressed by exchange rates compared to them. Exchange rates are determined primarily by the movement of the markets, which means that when there is more demand for one particular currency, the price of **that currency** will go up, and when there is less demand for a currency, the price of that currency will go down.

Because exchange rates **fluctuate**, companies that do business internationally need to be mindful of the way they structure purchases and sales and what currency they use. For example, if an American company is selling something to a Japanese company, both companies need to think carefully about whether the sale should be transacted in U.S. dollars or Japanese yen (or some other currency entirely). It can be very costly for a company to make the wrong decision. In general, the company whose currency is being used for the transaction bears less risk than the company which is converting their currency for the sale. So if the two companies agree that the Japanese company will pay the U.S. company 500,000 U.S. dollars, the U.S. company will still receive that sum whether the exchange rate for yen to U.S. dollars goes up or down. In contrast, the Japanese company has to buy U.S. dollars to pay the bill.

The risks of doing transactions across currencies is called exposure. There are three types of exposure companies doing business internationally must contend with. The first, translation exposure, is simply a matter of the risk involved in converting one currency to another and how that is reflected in a company's statement of profits and losses. For example, a company that sells many of its products in U.S. dollars but has to report its earnings to shareholders in Euros will look like it has made less money simply because the dollar is weaker than the euro.

The second type of exposure, transaction exposure, is described in the example above of the Japanese company and the American company making a sale. Transaction exposure is really a time problem. Between the time you agree to the deal and the time you have to pay for or receive money for the deal, what will happen to the exchange rate?

The third type of exposure is called economic exposure. [A] This refers to the decisions a company makes about how to structure their business to take advantage of exchange rates. [B] For instance, a company that sells its products in a country with a stronger currency but manufactures them in a country with a weaker currency benefits from the exchange rates on both sides of the transaction. [C] However, there is always the risk that the stronger currency will get weaker, which means the sales revenue will go down or the weaker currency will get stronger, which in turn means that the manufacturing costs will go up. [D]

11 What is the passage mainly about?

A. how exchange rates are determined

B. transaction exposure for companies

C. purchasing power parity and interest rate parity

D. to describe the concepts of exchange rates for currency and how that affects international business

12 The word '**standard**' in paragraph 1 is closest in meaning to

A. European

B. foreign

C. common

D. inflated

13 The phrase '**that currency**' in paragraph 1 refers to

A. the U.S. dollar

B. an undetermined amount

C. the currency in greater demand

D. the currency in less demand

14 The word '**fluctuate**' in paragraph 2 is closest in meaning to

A. go up and down

B. cross international borders

C. be indecisive

D. stay at one level

15 What can be mentioned about the Japanese company doing business with the U.S. company in dollars in paragraph 2?

A. The U.S. company is buying something from the Japanese company in dollars.

B. The U.S. company is buying something from the Japanese company in yen.

C. The Japanese company is buying something from the U.S. company in yen.

D. The Japanese company is buying something from the U.S. company in dollars.

16 Why does the author mention the words *translation exposure, transaction exposure, and economic exposure* in the passage?

A. to give an example of what can happen when the exchange rate goes unexpectedly

B. to list the three types of exposure a company doing business internationally faces

C. to explain the process of causing exchange rates to fluctuate

D. to question the assumption that there is no risk in doing business internationally

17 It can be inferred from the passage that

A. things made in the United States are paid for in U.S. dollars

B. companies that are not located in the United States may need to purchase things in dollars

C. companies can minimize translation exposure by purchasing in U.S. dollars

D. using hedges to protect from exchange rate risk is illegal

18 All of the following can be inferred from the passage EXCEPT

A. Currencies that are purchased more often will be stronger than currencies that are not in demand.

B. Some currencies tend to be stronger than others.

C. The U.S. dollar is stronger than the Canadian dollar.

D. There is no one universal currency used by all countries worldwide.

19 The company whose home currency is the currency chosen for payment bears

A. more risk, because there is no way to determine what the final payment will be

B. more risk, because the other company will get a better exchange rate

C. less risk, because the other company controls how much it will pay

D. less risk, because that company will receive the exact amount of money specified in the deal

20 In which space (marked A, B, C and D in the passage) will the following sentence fit?

If either the amount of money received from sales or the amount of money required to produce products changes, the company's profits are affected.

A. [A] **B.** [B]

C. [C] **D.** [D]

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