

Final Activity

1. Define a topic of interest for your students: Exchange Rate
2. Create an academic text based on that topic

Understanding Exchange Rates in Market Economies

In a globalized world, exchange rates play a crucial role in the functioning of market economies. An exchange rate is the value of one currency in terms of another currency, and it has a significant impact on international trade, investment, and overall economic stability.

The Process of Exchange Markets

Exchange markets are where currencies are bought and sold. These markets operate 24 hours a day, five days a week, allowing participants to trade currencies at any time. The exchange rate is determined by supply and demand forces in these markets. When demand for a currency increases, its value appreciates, and when demand decreases, its value depreciates.

Exchange Rate Policies

Governments and central banks often implement exchange rate policies to influence the value of their currencies. There are three main types of exchange rate regimes:

- a. **Fixed Exchange Rate:** In this system, the value of a currency is pegged to another currency or a basket of currencies. Governments intervene in the foreign exchange market to maintain the fixed rate.
- b. **Floating Exchange Rate:** Under a floating exchange rate regime, the value of a currency is determined by market forces. Central banks may intervene occasionally to stabilize excessive fluctuations.
- c. **Managed Float:** This system combines elements of both fixed and floating exchange rates. Central banks may intervene to prevent sharp currency fluctuations while allowing some flexibility in the exchange rate.

Derivatives in Exchange Markets

Derivatives are financial instruments whose value is derived from an underlying asset, such as a currency exchange rate. Common derivatives used in exchange markets include futures, options, and swaps. These instruments allow businesses and investors to hedge against currency risk and speculate on future exchange rate movements.

Understanding exchange markets, policies, and derivatives is essential for anyone involved in international trade, finance, or investment. By staying informed about exchange rate dynamics, individuals and businesses can make informed decisions to navigate the complexities of the global economy.

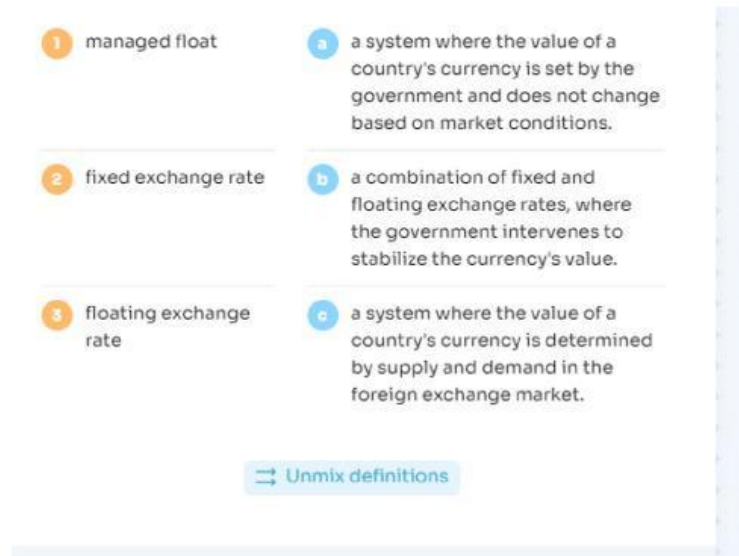
3. Find a video on YouTube related to the topic you have chosen

<https://www.youtube.com/watch?v=geoe-6NBy10>



Create a worksheet on MS Word using Twee and Magicschool.ai with the next features based on the text you created before:

1. Matching exercise word definition (Magic)



2. Audio/video questions (Twee)

International Trade Comprehension

1. According to the video, which country is the United States' largest trading partner?

- a. China
- b. Canada
- c. Mexico
- d. Brazil

2. What is the main reason the United States imports a lot of clothing from other countries?

- a. The US cannot produce enough clothing to meet domestic demand
- b. Clothing made in the US is more expensive than imported clothing
- c. The US has a comparative advantage in producing other goods
- d. The US government imposes high tariffs on imported clothing

3. How does a country's exchange rate affect its trade balance?

- a. An appreciation of the currency leads to an increase in imports and a decrease in exports
- b. A depreciation of the currency leads to an increase in imports and a decrease in exports
- c. An appreciation of the currency leads to an increase in exports and a decrease in imports
- d. A depreciation of the currency leads to an increase in exports and a decrease in imports

3. Create an image related to the topic and place it on the worksheet to provide more context to your students (Magic)

