Currency Wars Guided Notes

What is a Currency War?

- Sometimes nations seek to devalue their own currency -
  
  This is usually initiated by a country’s ____________ (The Fed in the U.S.)
  
- This lowers a country’s purchasing power.
  
- Helps to give countries ____________.

Why Would You Devalue Your Own Currency?

- “A strong currency is not necessarily in the nation’s best interest”
  
  (Investopedia).
  
- It makes exports more ________________.
  
- This can affect GDP, nation’s capital (money) and housing markets.
  
- Can lead to the “wealth effect” –

  This can affect ________________.
Modern Times

1. U.S. Federal Reserve’s” easing” of the dollar.

2. China responds

________________________________________________________________________

________________________________________________________________________ currency (the yuan).

3. The U.S. dollar is surging – ____________________________________________________________________.

• The United States and China are engaging in a

  “______________________” according to some experts.

• There is a back-and-forth of tariffs.