

LAB 9, Q9

Indicate whether each of the following creates a demand for, or a supply of, European euros in FX markets:

- (a) Canada incurs a balance of pmts deficit in its transactions w/ Germany: **SUPPLY OF**
- (b) A French manufacturer ships machinery from one French port to another on an American freighter: **SUPPLY OF**
- (c) A Canadian importer purchases a shipload of Chianti wine: **DEMAND FOR**
- (d) It is widely believed that the international value of the euro will fall in the near future: **SUPPLY OF**
- (e) A German automobile firm decides to build an assembly plant in Ontario: **SUPPLY OF**
- (f) A Canadian gov bond held by an Austrian citizen matures & the loan amount is paid back to that person: **DEMAND FOR**
- (g) A Canadian university student decides to spend a year studying at the Sorbonne: **DEMAND FOR**