

Solution sheet

1.1 Secondary exporter's currency: ↓ in value	Exporter 1 (reserve currency)	Exporter 2 (local currency)	Importer (local currency)	World (reserve currency)
ΔP in lc terms				
ΔQ_T				
ΔV_T in lc terms				
ΔV_T in fc terms				
ΔQ_S				
ΔQ_D				

1.2 Importer's currency: ↓ in value	Exporter 1 (reserve currency)	Exporter 2 (local currency)	Importer (local currency)	World (reserve currency)
ΔP in lc terms				
ΔQ_T				
ΔV_T in lc terms				
ΔV_T in fc terms				
ΔQ_S				
ΔQ_D				

1.3 Value of reserve currency: ↓ in value	Exporter 1 (reserve currency)	Exporter 2 (local currency)	Importer (local currency)	World (reserve currency)
ΔP in lc terms				
ΔQ_T				
ΔV_T in lc terms				
ΔV_T in fc terms				
ΔQ_S				
ΔQ_D				

1.4 Value of reserve currency: ↑ in value	Exporter 1 (reserve currency)	Exporter 2 (local currency)	Importer (local currency)	World (reserve currency)
ΔP in lc terms				
ΔQ_T				
ΔV_T in lc terms				
ΔV_T in fc terms				
ΔQ_S				
ΔQ_D				

Good priced in lead (international reserve) currency terms, P_w

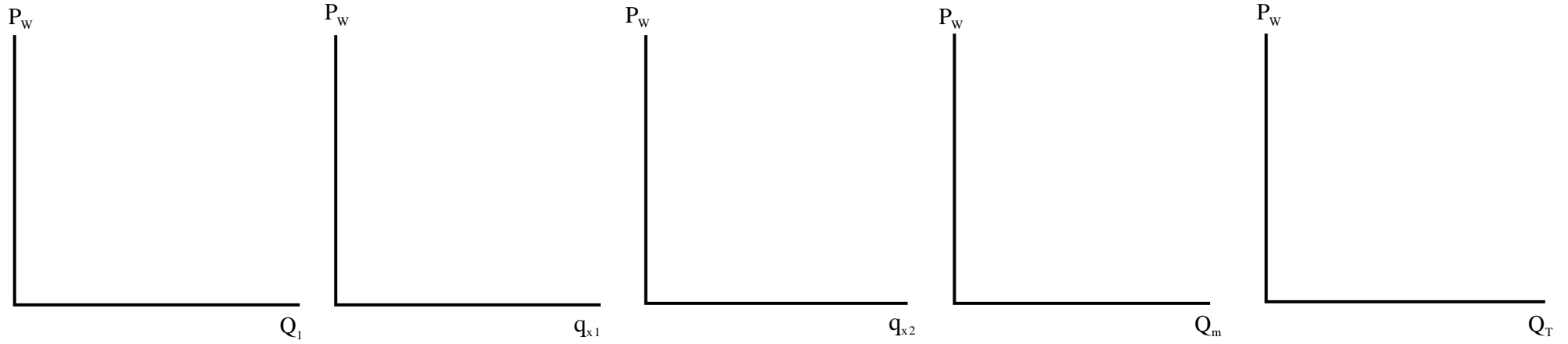
Domestic market of lead exporter

Trade position of lead exporter

Trade position of exporter 2

Trade position of importer

World market



Good priced in local currency terms, P_{lc}

Market situation from the perspective of exporter 2

Market situation from the perspective of importer

Domestic mkt of exporter 2

Trade position of exporter 2 (ES_2)

Trade position of importer (ED)

Domestic mkt of importer

