Homework Essay Assignment 2  Due: Tuesday, September 22

The accompanying article, “Dollar Sinks to Low for Year” (The Wall Street Journal, September 9, 2009), discusses the views of some financial market participants about factors that are currently affecting the value of the dollar. Read the article and then write an essay on the following question:

Using the model of the foreign exchange and money markets that we have developed in class, evaluate prospects for the dollar over the coming year. You should identify specific factors in the US and abroad that may exert upward or downward pressure on the dollar in coming months, and carefully explain how they would contribute to change. Provide graphs to support your arguments.

Your essay should be double-spaced, typed, with 1-1/2 inch (2.5 cm) margins, and 600 words maximum.