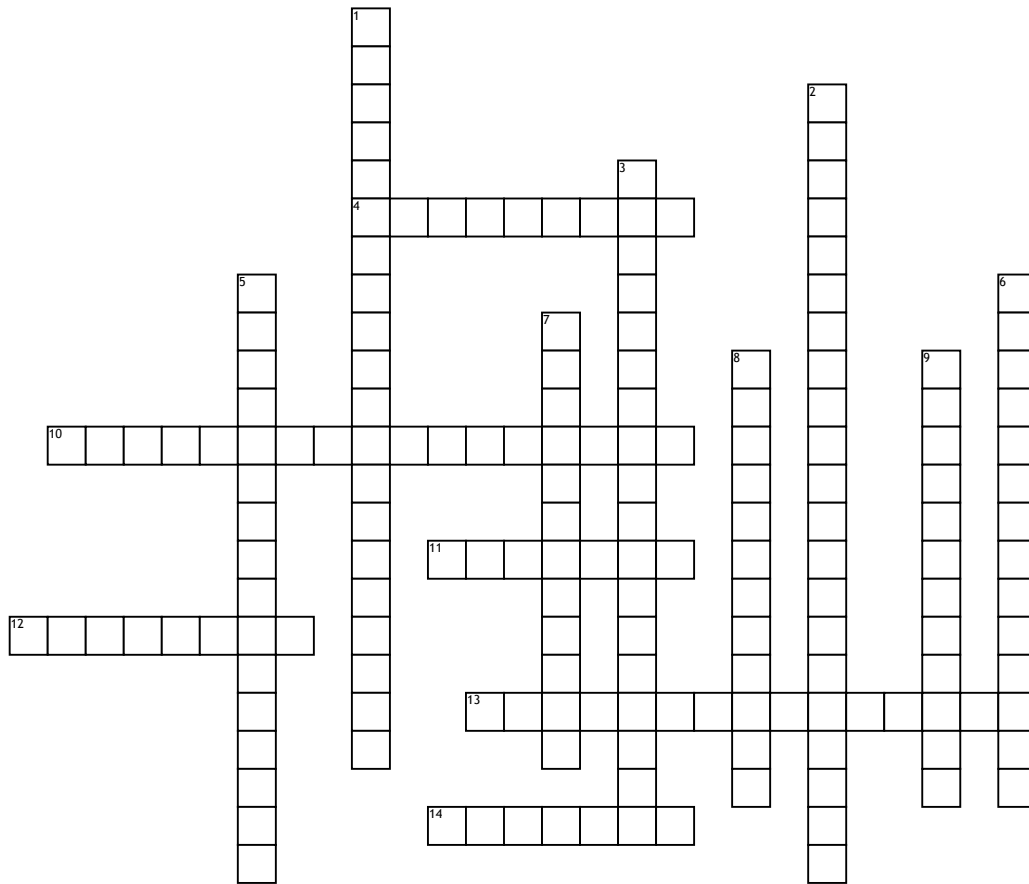


Name: _____

Foreign Exchange and International Financial Markets



Across

4. A rise in prices due to the decline of currency's value. Inflation causes a decline in the value of a currency as measured by purchasing power parity (PPP).

10. An exchange rate that the government pegs its currency's value relative to another currency, a group of currencies, or another measure of value, such as gold. Fixed exchange rates tend to help keep inflation in check but tend to hide a currency's true market value

11. Currency trades that give the owner of the option the right, but not the obligation, to buy or sell a particular currency at a prearranged exchange rate on a specified date

Word Bank

currency
market psychology
depreciation
hedging
spot transaction

12. Another word for money

13. A currency trade that happens immediately, at the current exchange rate.

14. Techniques aimed at minimizing the business risks arising from FX fluctuations

Down

1. An exchange rate that is allowed to vary. With a floating exchange rate, the value of the currency is determined by buying and selling the currency in the FX market

2. The largest trading market in the world, where currency trading takes place. It is also called the FX, forex, or currency market.

3. A currency trade in which one party agrees to sell, and the other party agrees to buy, a particular currency at an agreed exchange rate on a specific date in the future.

5. The emotions and beliefs of traders on the FX market that influence exchange rates

6. A currency with a value that is high and that tends to rise

7. When a currency's value increases in terms of another currency

8. A currency with a value that is low and that tends to fall

9. When a currency's value decreases in terms of another currency

appreciation
fixed exchange rate
Foreign exchange market
inflation
strong currency

weak currency
Forward transaction
Floating exchange rate
options