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Research Paper #2

#3

a. Why are U.S. firms cheaper now to a European investor?

Because the U.S. dollar is weak and inflated, so it is cheaper when bought by other currencies.

b. What are some of the reasons the dollar is falling versus other currencies?

The dollar could weaken because of loose monetary policy, lack of confidence in the government, and unattractive interest rates.

c. Why do foreigners have better access to credit right now?

Many other countries are not in the economic state that the U.S. is in, and are able to get the financial help.

#5

a. Why might the dollar strengthen further this year?

Because it has a low value and an improving U.S. economy.

b. How would a strong dollar impact the U.S economy during the recession?

It would help it to build and become much stronger over time.

c. Why is the Euro in danger of failing?

As the dollar rises the euro is going to become less compared to the dollar.