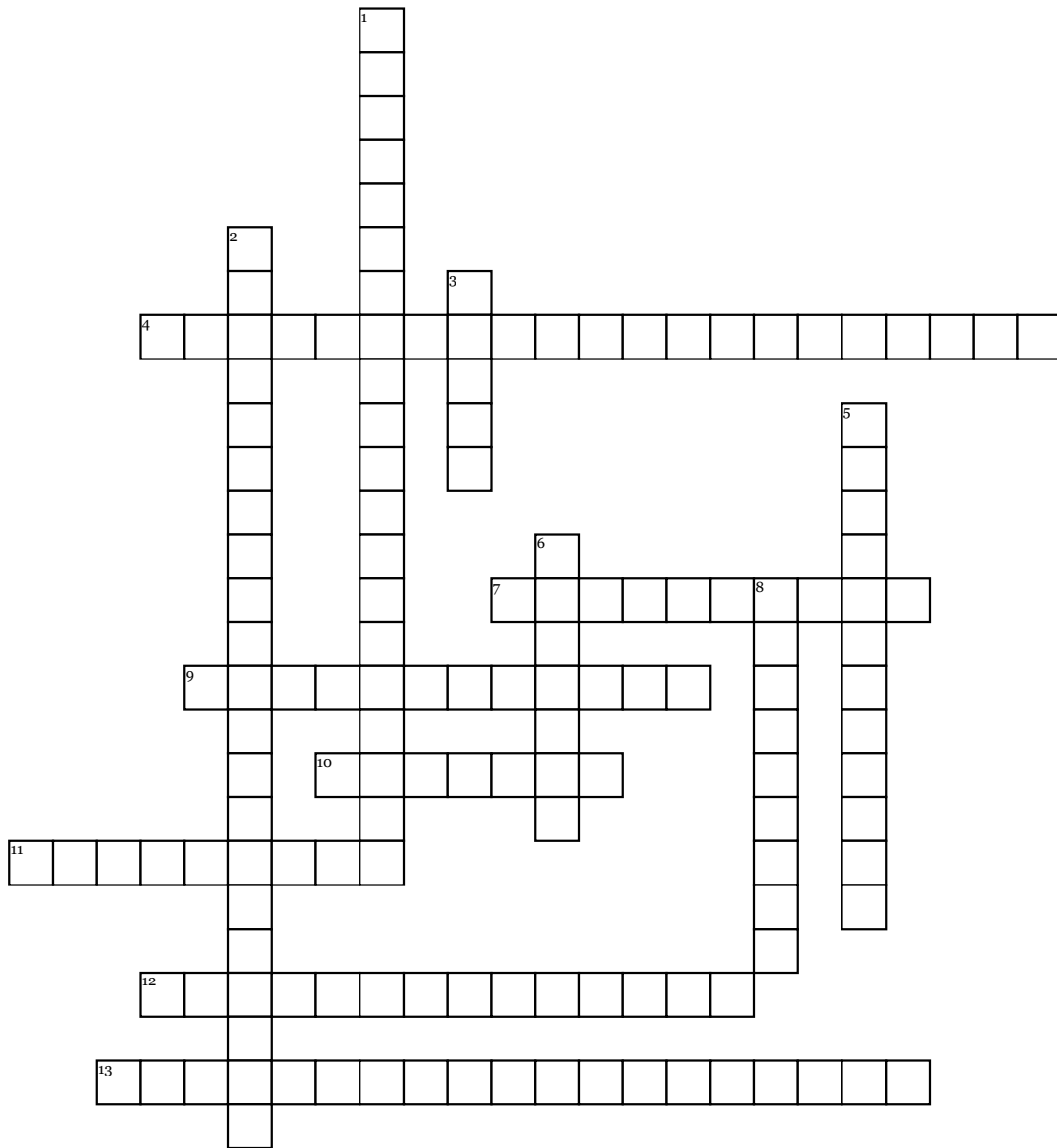


Chapter 29 Key Terms



Across

- 4.** the market in which people use one currency to buy another currency
7. flow of financial capital across national boundaries either as portfolio investment or direct investment
9. when a currency is worth more in terms of other currencies; also called “strengthening”
10. an exchange rate policy in which the central bank sets a fixed and unchanging value for the exchange rate

- 11.** a country that is not the United States uses the U.S. dollar as its currency
12. when a nation chooses to use the currency of another nation
13. an investment in another country that is purely financial and does not involve any management responsibility

Down

- 1.** a country lets the value of its currency be determined in the exchange rate market
2. the exchange rate that equalizes the prices of internationally traded goods across countries

- 3.** using a financial transaction as protection against risk

- 5.** when a currency is worth less in terms of other currencies; also called “weakening”

- 6.** an exchange rate policy in which the government usually allows the exchange rate to be set by the market, but in some cases, especially if the exchange rate seems to be moving rapidly in one direction, the central bank will intervene

- 8.** the process of buying a good and selling goods across borders to take advantage of international price differences