Unit 26 – MOCK TEST

1) ***Prepositions/adverbials:***

a) Bid is the price............... which traders offer to buy the currency pair from a customer. The "EUR/USD" is an example of a currency pair.
b) Because most nations have their personal currency, and because it is valued in accordance to the assets of that certain region, you can invest ....way .... acquiring and selling foreign money.
c) Tobin Tax has been designed so .... to avoid currency speculations.

2) ***Definitions:***

....= a condition when the exchange rate adjusts so that an identical good in two different countries has the same price when expressed in the same currency

....**=** a country's exchange rate regime where its currency is set by the foreign-exchange market through supply and demand for that particular currency relative to other currencies

A Tobin tax = ...**,** i.e. a tax on all spot conversions of one currency into another

3) ***Complete the missing words, there are more verbs than you will need.***

ADJUST SETTLE REFLECT DISRUPT PEG PUSH BRING ABOUT ESTABLISH HEDGE

a) Uncertainty regarding the direction of foreign exchange rates leads to volatility and the need for an effective vehicle to ....foreign exchange rate risk and interest rate changes while, at the same time, effectively ensuring a future financial position.

b) Whether governments float or ....the exchange rates matters in macroeconomics because it influences the way in which the market for foreign exchange transmits disturbances from one sector to another.

c) Markets look to be ....after heavily volatile trade.

d) The Minister of Trade and Industry has urged countries within the West Africa Monetary Zone to pursue the agenda to ....a common currency by 2015.

e) These shorter term pressures will continue to ....the currency away from its equilibrium.

f) Currently, supply and the toughness of competition react to cost changes .... by exchange rate fluctuations.