



[Glossary]

Factors Affecting Exchange Rates Part - 2

Subject:	Business Economics
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Unit No. & Title:	Unit – 4 Factors Affecting Exchange Rates and Exposures
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Glossary

- balance of payment: The balance of payments, also known as balance of international payments and abbreviated BoP, of a country is the record of all economic transactions between the residents of the country and the rest of the world in a particular period (over a quarter of a year or more commonly over a year).
- current account: The difference between a nation's savings and its investment. The current account is an important indicator about an economy's health. It is defined as the sum of the balance of trade (goods and services exports less imports), net income from abroad and net current transfers.
- Inflation: a general increase in prices and fall in the purchasing value of money.
- Recession: a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.
- Terms of trade: the ratio of an index of a country's export prices to an index of its import prices.