[Glossary]

Factors Affecting Exchange Rates Part - 1

Subject:	Business Economics
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Unit No. & Title:	Unit – 4 Factors Affecting Exchange Rates and Exposures
Lecture No. & Title:	Lecture – 1 Factors Affecting Exchange Rates Part-1

Glossary

a. Pegging curency: A currency peg is a country or government's exchange-rate policy of attaching, or pegging, the central bank's rate of exchange to another country's currency. Also referred to as a fixed exchange rate or a pegged exchange rate, currency pegs stabilize the exchange rate between countries, which allows for accurate long-term predictability for business planning and can anchor rates at advantageous levels for large importers.
b. Balance of trade: the difference in value between a country's imports and exports.
c. A fixed exchange rate matches, “pegs”, the value of the currency to: one currency, several currencies or even to a fixed amount of a commodity.
d. The equilibrium exchange rate is the rate which equates demand and supply for a particular currency against another currency
e. Equity: the difference in value between a country's imports and exports.