A course on Open Economy Macroeconomics: Problem Set 1

March 3, 2019

1. Use whatever datasource - e.g. ECB's webpage - to find the spot exchange rates S for a) euro - US dollar, b) euro - Japanese yen, c) euro - pound sterling, d) euro - Swiss franc and e) euro - chinese yuan renminbi to calculate the implied cross exchange rate (US dollar - Japanese yen, US dollar - pound sterling, US dollar - Swiss franc, US dollar - chinese yuan renminbi, Japanese yen - pound sterling, ...).

2. Look for data on 1 and 3 month's forward exchange rates (e.g. http://www.fxstreet.com/rates-charts/forward-rates/, use the average of the bid and ask rate) F for euro - US dollar, euro - Japanese yen and euro - pound sterling as well as the corresponding spot exchange rate quoted on the same day. Calculate the corresponding forward premia $(F - S)/S$.

Return by WEDNESDAY, March 13, 2019 to my email address jouko.vilmunen@utu.fi or to Wed lecture

http://www.hsbcnet.com/gbm/fwcalc-disp#