

# **Open Economy Macroeconomics**

## **Exchange Rates and the International Monetary System**

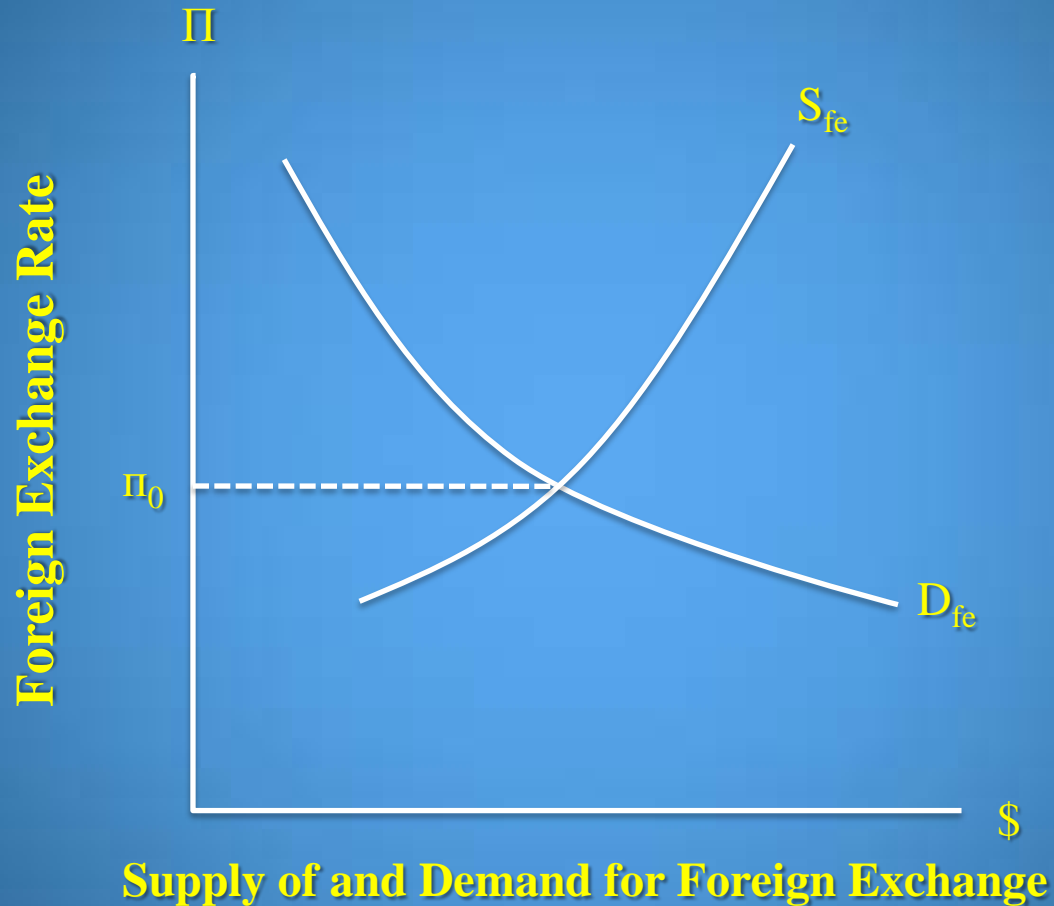
## Balance of Payment (BOP-1)

Balance of payments (Millions of US Dollars)	2007	2008	2009	2010AUG
Exports (f.o.b.)	151,258.29	175,233.00	150,743.38	123,895.13
Imports (c.i.f.)	(138,476.26)	(175,603.52)	(131,355.36)	(117,057.11)
Trade balance	12,782.03	(370.52)	19,388.02	6,838.02
Net services income & transfers	2,899.66	2,527.91	2,477.96	(207.38)
Current account balance	15,681.69	2,157.39	21,865.98	6,630.64
Capital and financial account	228.43	11,519.88	(3,896.22)	11,241.04
Net errors & omissions	1,192.05	11,015.93	6,156.81	(58.65)
Balance of payments	17,102.17	24,693.20	24,126.57	17,813.03
Source: Bank of Thailand				

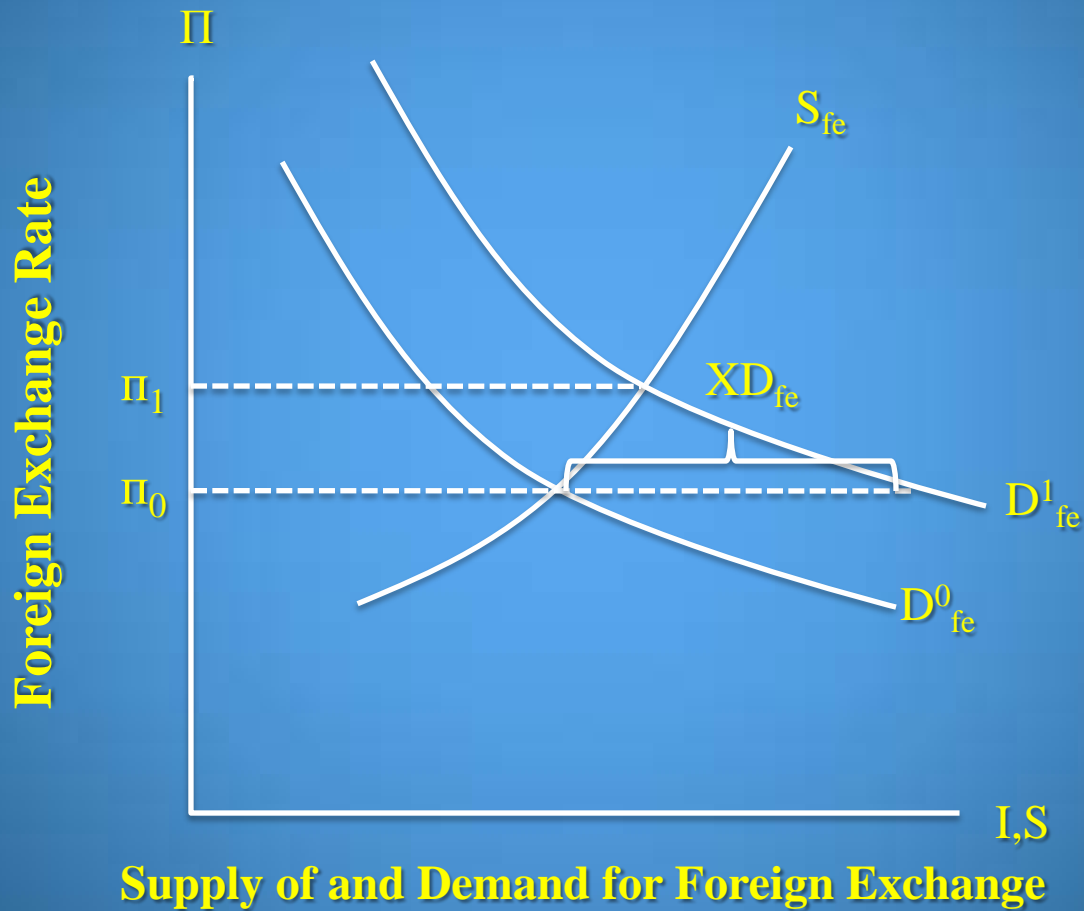
## Balance of Payment (BOP-2)

Balance of payments (Millions of Baht)	2007	2008	2009	2010AUG
Exports (f.o.b.)	5,212,208.04	5,831,085.78	5,155,054.37	4,016,895.95
Imports (c.i.f.)	(4,773,127.13)	(5,845,351.76)	(4,485,935.34)	(3,795,167.13)
Trade balance	439,080.90	(14,265.97)	669,119.03	221,728.82
Net services income & transfers	100,623.25	81,646.47	85,355.33	(4,458.39)
Current account balance	539,704.16	67,380.49	754,474.37	217,270.43
Capital and financial account	5,088.09	377,816.89	(140,488.78)	268,418.51
Net errors & omissions	41,626.27	366,651.37	210,614.59	(2,546.07)
Balance of payments	586,418.54	811,848.77	824,600.18	483,142.87
Source: Bank of Thailand				

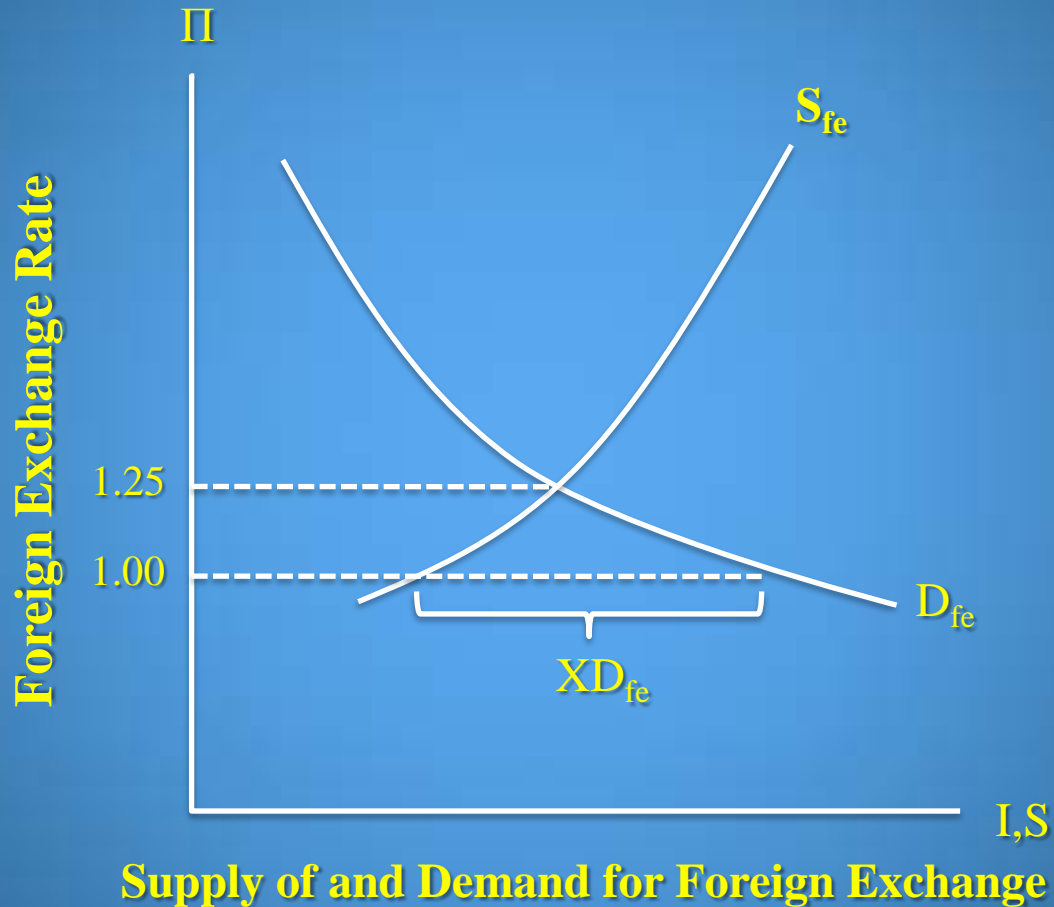
# Foreign Exchange Market



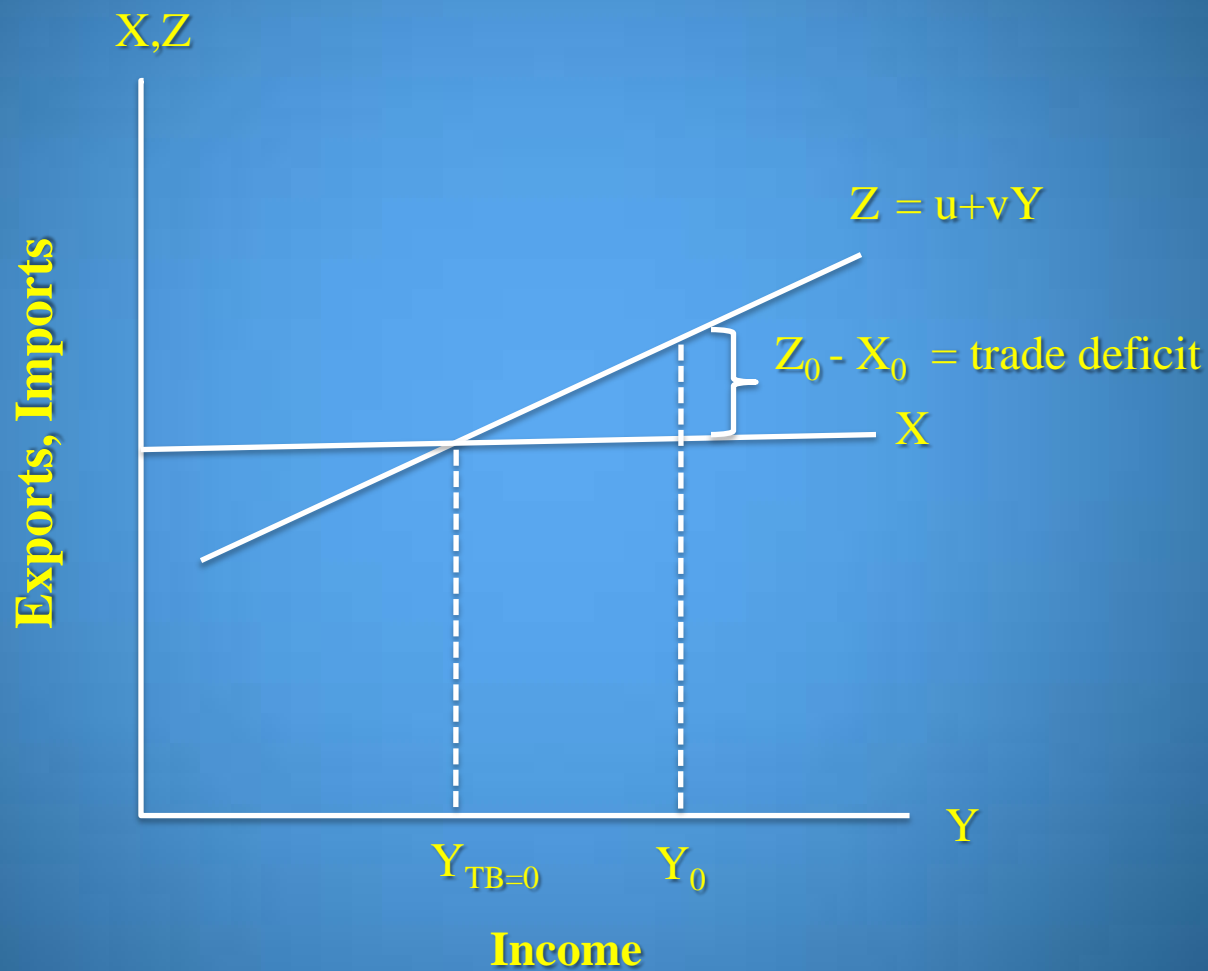
# Effect in the Foreign Exchange Market of an Increase in the Demand for Imports



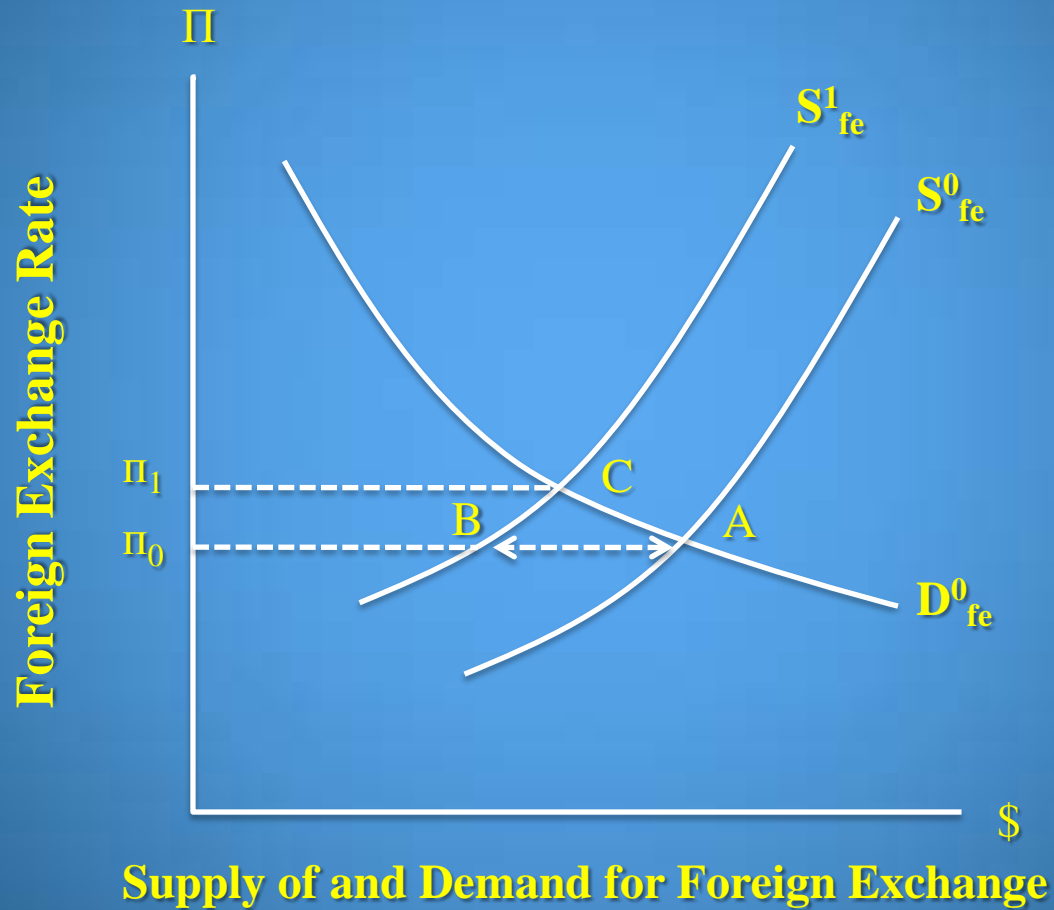
# Foreign Exchange Market with a Fixed Exchange Rate



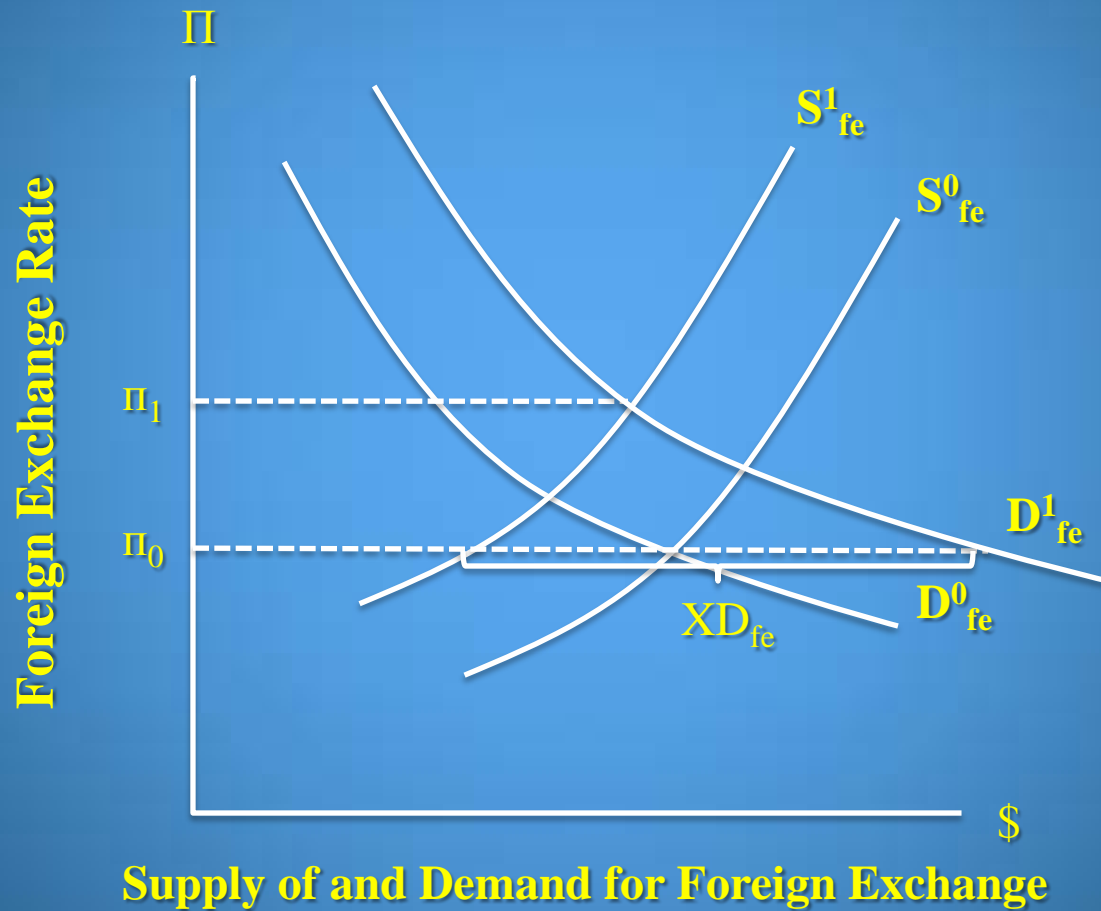
# Trade Balance (TB) and the Level of Economic Activity



# Insulation of the Domestic Economy in a Flexible Exchange Rate System

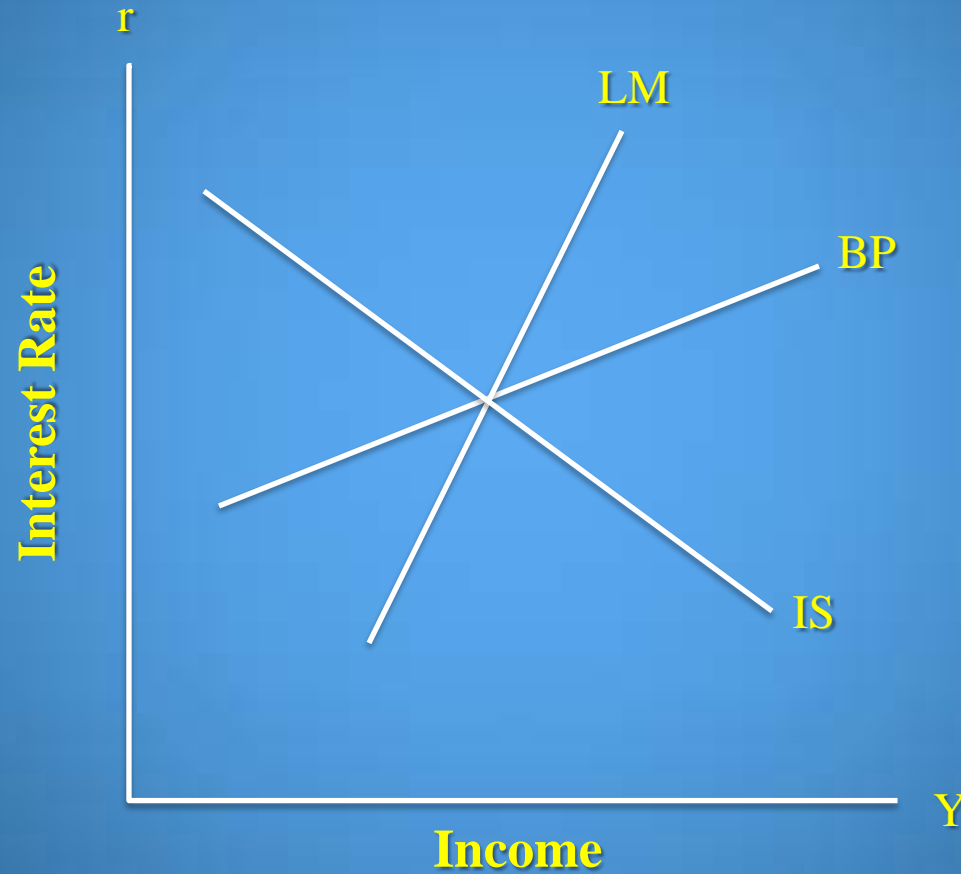


# Effect of an Expansionary Monetary Policy in the Foreign Exchange Market: Flexible Exchange Rates

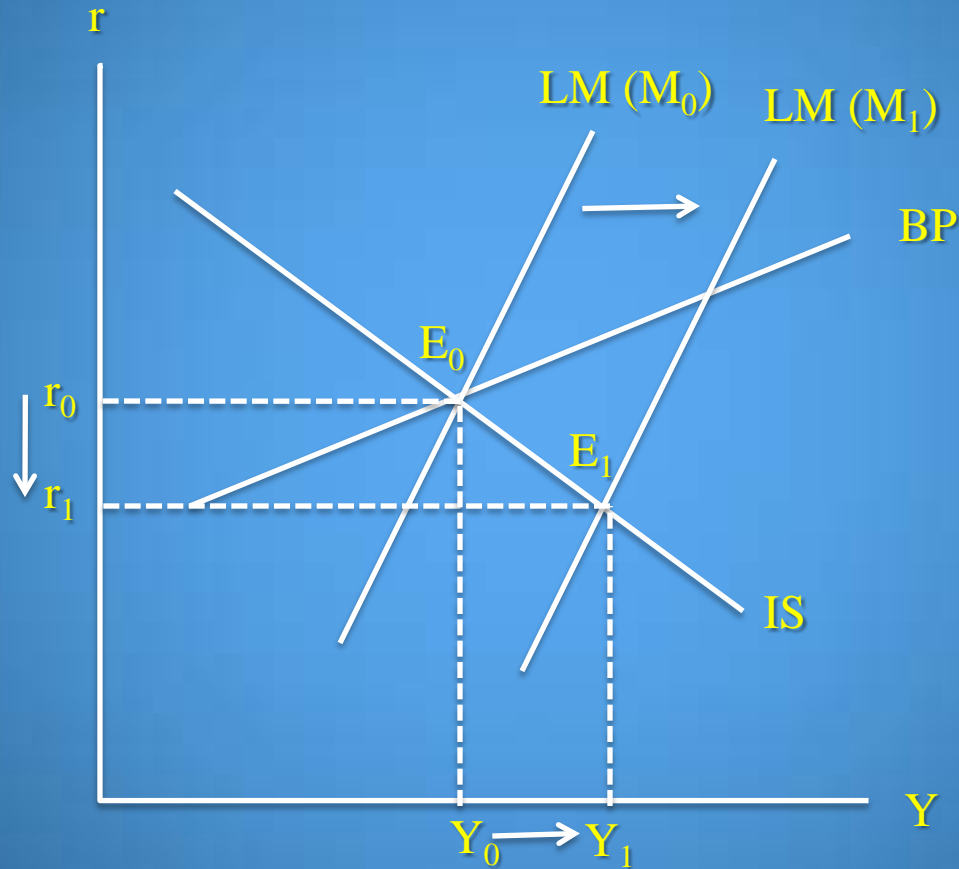


# Monetary and Fiscal Policy in the Open Economy

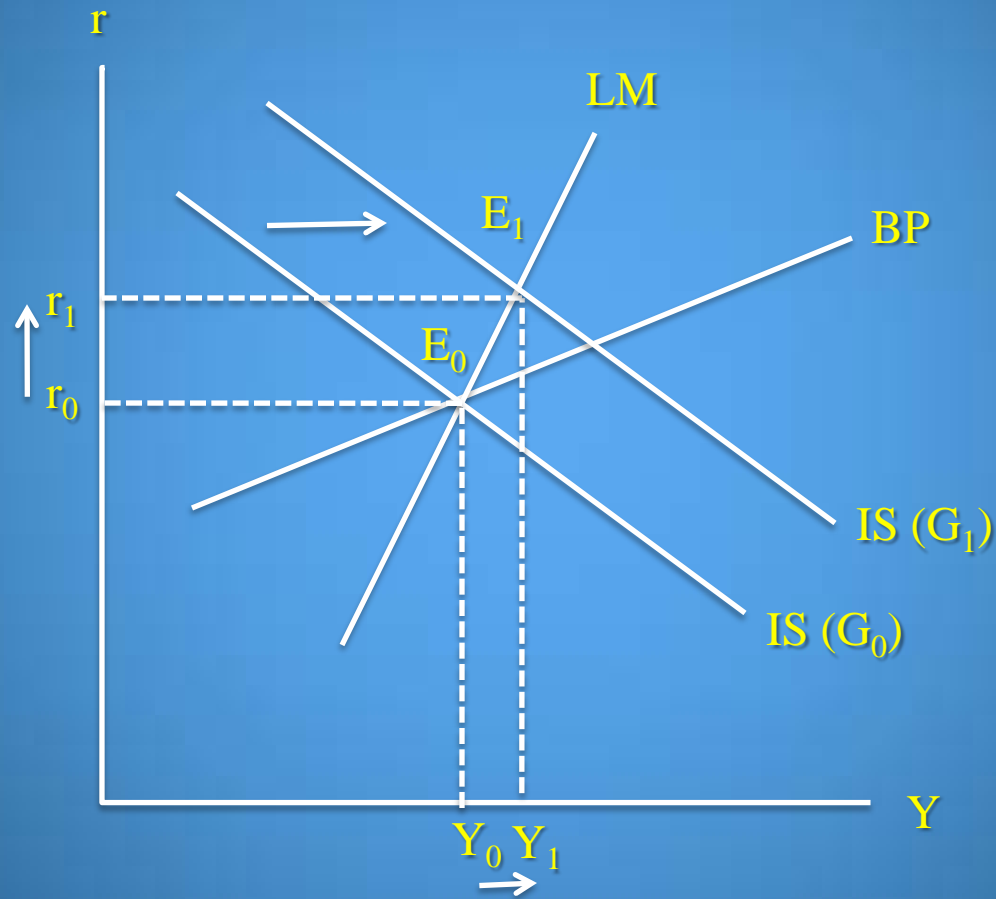
# Open Economy IS-LM Model



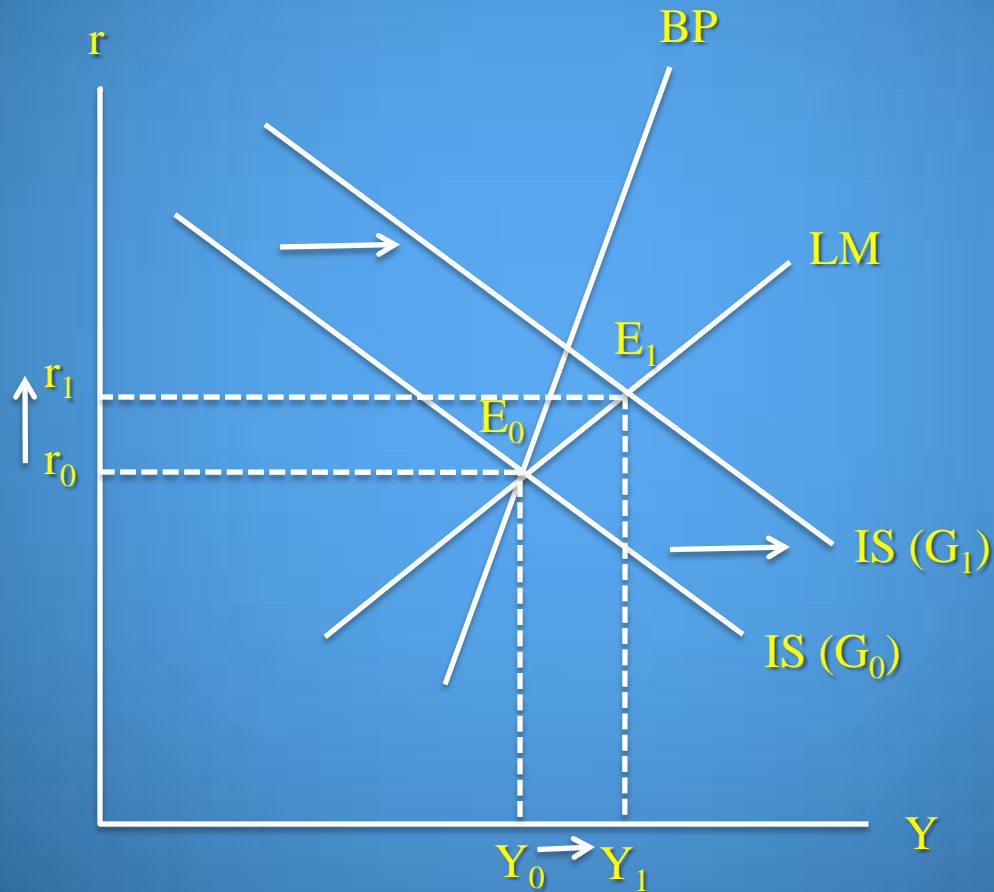
# Monetary Policy with a Fixed Exchange Rate



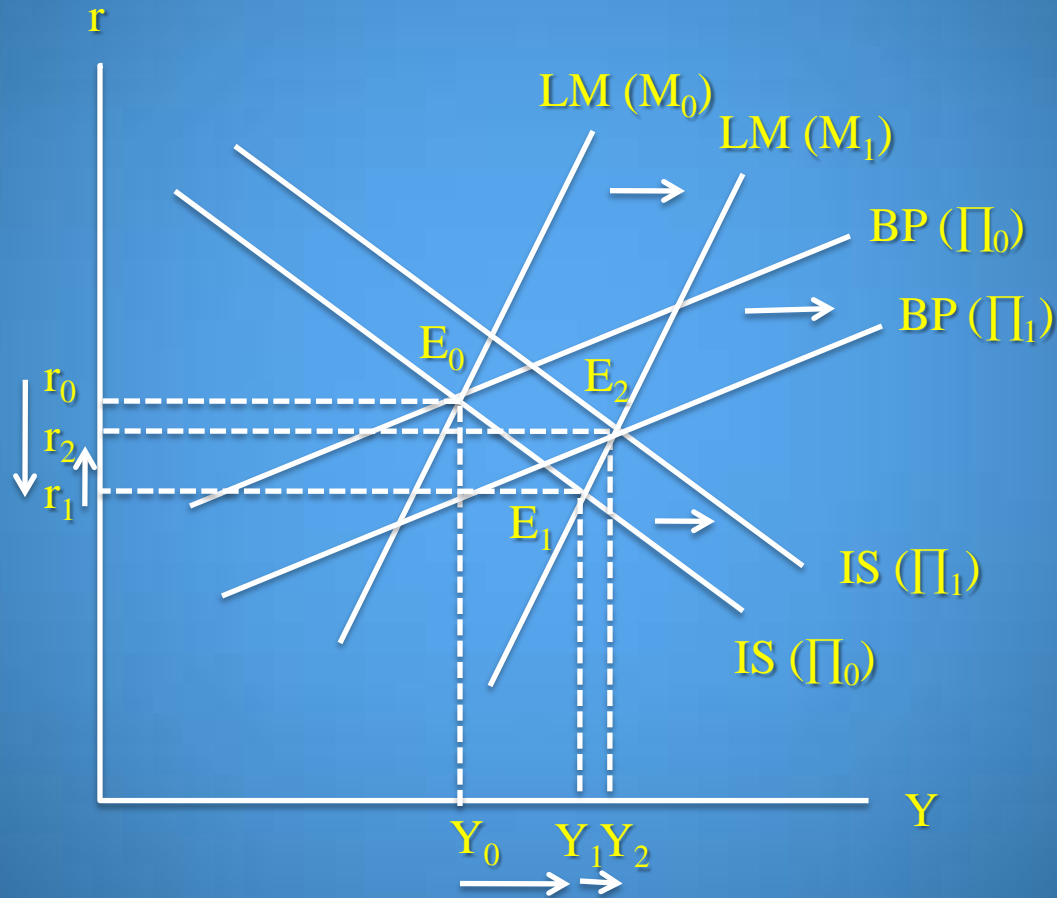
# Fiscal Policy with a Fixed Exchange Rate



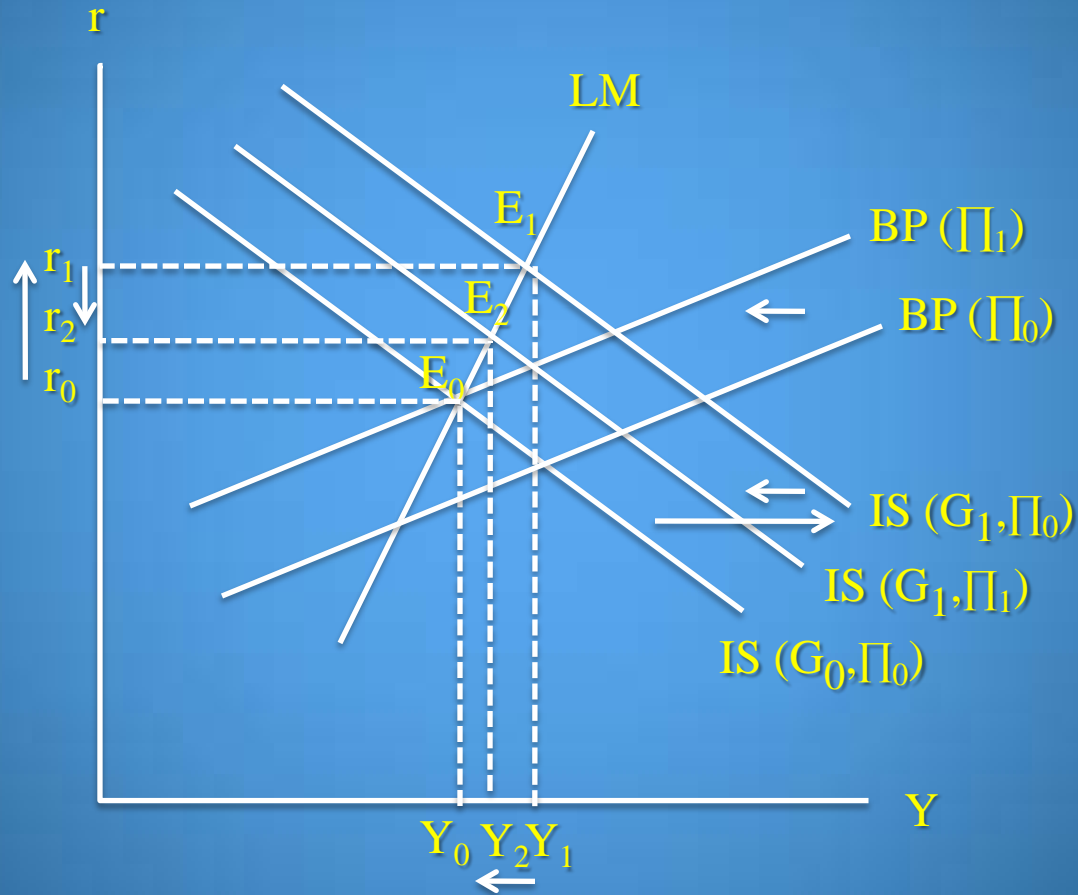
# Fiscal Policy with a Fixed Exchange Rate: An Alternative Outcome



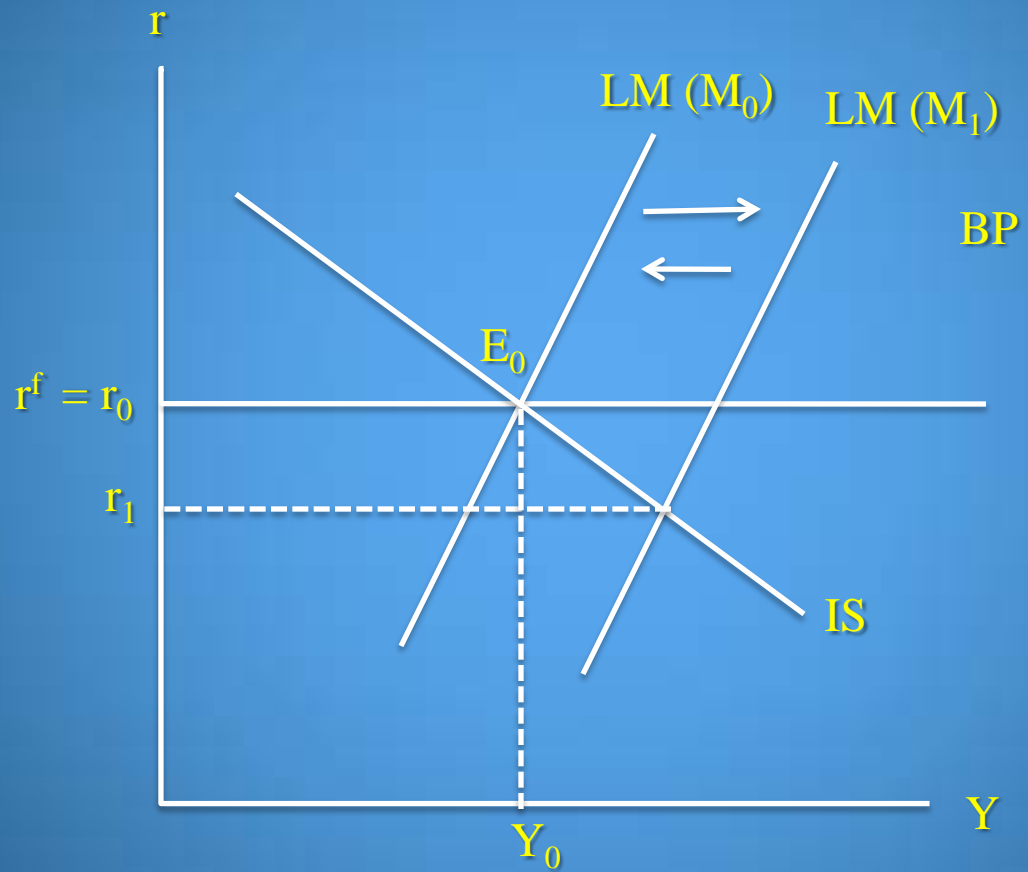
# Monetary Policy with a Flexible Exchange Rate



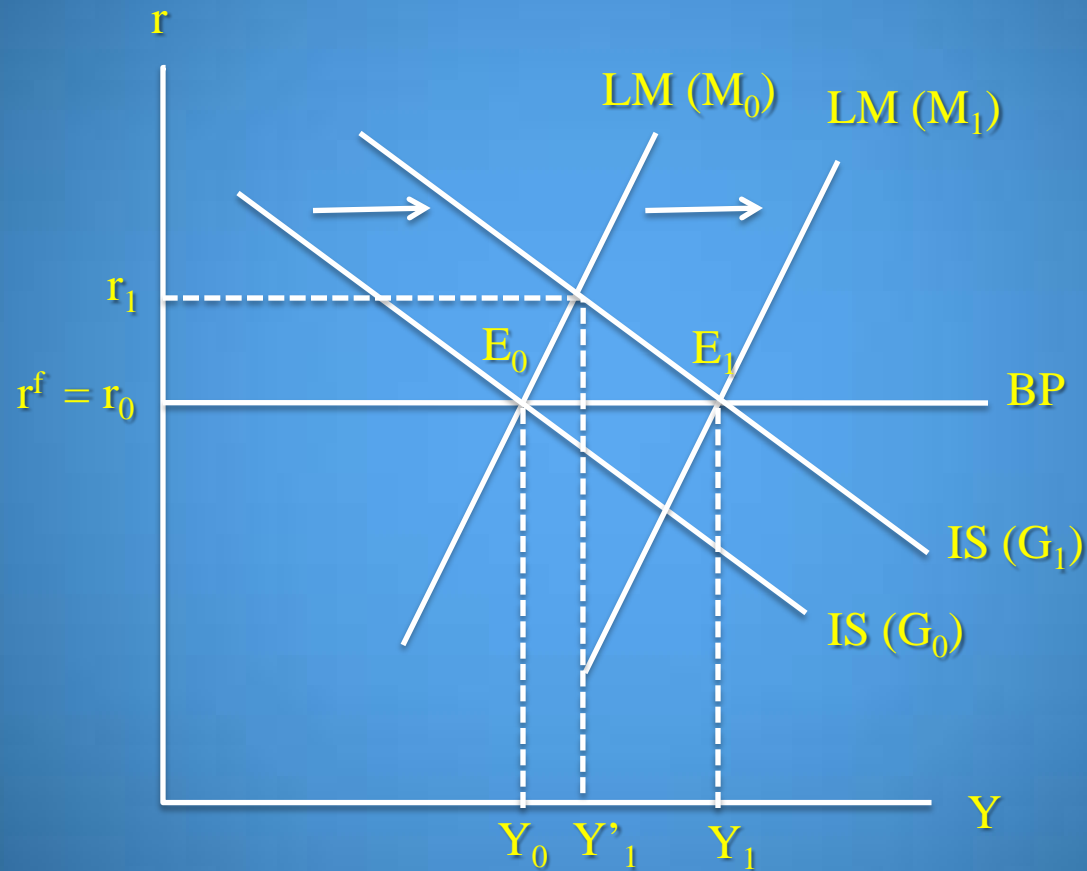
# Fiscal Policy with a Flexible Exchange Rate



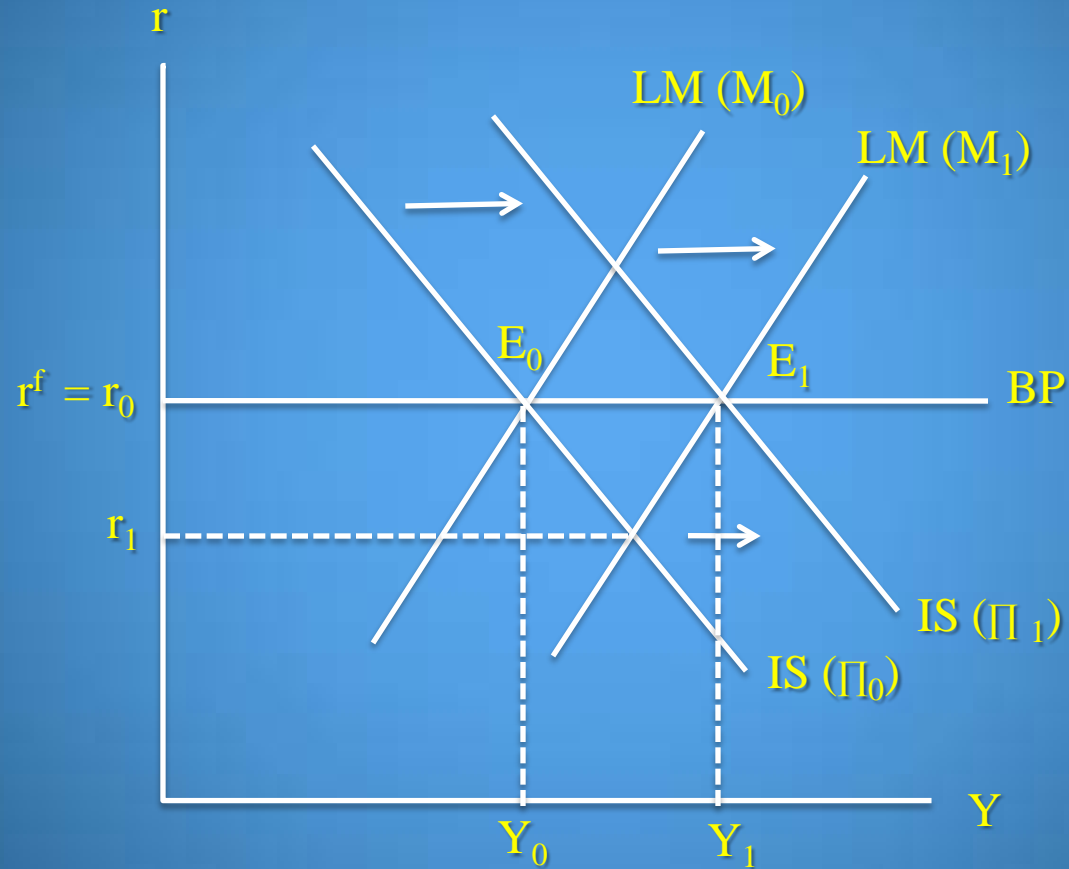
# Monetary Policy with a Fixed Exchange Rate



# Fiscal Policy with a Fixed Exchange Rate



# Monetary Policy with a Flexible Exchange Rate



# Fiscal Policy with a Flexible Exchange Rate

