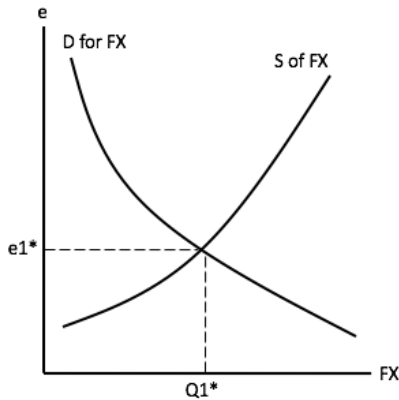


EE312 Macroeconomics, 2/2017 (Sec. 046402 - Sicha)
 Problem Sets 3

Please submit at the BE office, 5th floor department of Economics building.
 Deadline of submission : February 14, 2018, before 15.00 hr. Late submission will not be accepted.
 If the space provided is not enough, please attach a separate sheet.

1. Suppose the market expects a higher e_{t+1} . Analyze the effect on the exchange rate market under this two following exchange rate regime; (a) flexible exchanged rate regime and (b) fixed exchange rate regime

(a) flexible exchange rate regime



.....

.....

.....

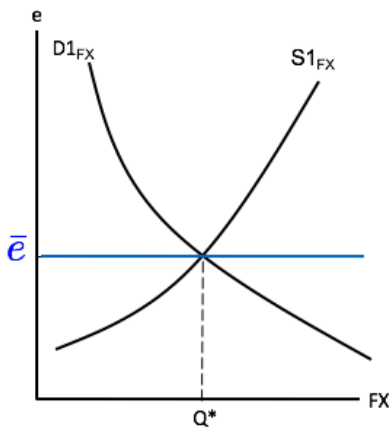
.....

.....

.....

.....

(b) fixed exchange rate regime. Assume that innitially, the market is at $e^* = \bar{e}$.



.....

.....

.....

.....

.....

.....

.....