

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Turn in the Excel file via Canvas. Place your name on an otherwise blank page of the Excel file. Failure to type this assignment will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

All questions except for Question #1 should be done before class.

This question refers to the spreadsheet "Lab" on the Excel file "[lab8.xlsx](#)." Each date is for the two-month period which starts then. So, "Jan. 2002" is for January and February of 2002.

1A) (40 points) Calculate the columns *Centered Moving Average*, *Preliminary Seasonal Indicator*, *Average Seasonal Indicator*, *Revised Seasonal Factor*, and *Total Seasonal Factor*.

B) (10 points) If the company sales of \$120 in the May and June of this year, what would the seasonally adjusted sales be? If the company did \$600 of sales this year, how much would you expect to be sold in the November and December? For both questions in Part B, do the calculation directly on the spreadsheet and type on the spreadsheet an explanation of what you did.

1) (5 points) According to the web, the current exchange rate between the Australian dollar and the US dollar is A\$1.5/US\$. Suppose that the exchange rate tomorrow became .6US\$/A\$. Did the A\$ appreciate, depreciate, revalue, or devalue? Show all work and briefly explain what you did.

2) (15 points) What is meant by *absolute purchasing power parity* (absolute PPP)? Why should it hold? What will prevent it from holding? Explain your logic.

3) (20 points) Draw the J-Curve. Explain why it takes that shape.

4) (10 points) What is the equation for *relative PPP*? Explain why it makes sense.