

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.

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

1) (40 points) Run a regression to estimate the Sales as a function of Time. Use the results to create a column which is called trend. Use that column and the columns created in Lab #8, to create the column "normal." Now use this information to predict Sales up through the end of 2020.

2) (20 points) Assume that the EU follows through on the proposal discussed in the Financial Times article <https://www.ft.com/content/eac9498f-6a36-41a9-b577-fa37c0eeab76>. Illustrate that on the supply and demand for the Russian Ruble, ₺, with the euro, €, as the other currency. Explain why the curve(s) moved as drawn. Which country's currency will be appreciating over the year? Why did you say that?

3) (20 points) Draw the S/D for the euro, €, with the British pound, £, as the other currency. Illustrate the effects of an increase in the inflation rate in the EU. Explain why the curve(s) moved as drawn. Which currency appreciated? Explain how you reached that conclusion.

4) (20 points) Draw the S/D for the Mexican peso, M\$ or MXN, with the US\$ as the other currency. In 1994, the exchange rate was pegged a 3.7M\$/US\$. The peso was over valued. Illustrate that on the graph. Did that mean the Mexico was gaining or losing foreign exchange? Explain your logic. What did that cause to happen to the supply and demand? Explain your logic.