1. The dollar is depreciating because other countries are raising interest rates and the US has promised to keep interest rates low for a considerable period of time. [AA-DD-XX for US]

2. If agents expect the European Central Bank to help deficit countries finance their deficits with seigniorage, then the euro will depreciate, and inflation will follow. [AA-DD-XX for European country and definition of seigniorage]

3. An independent panel ranks GM cars as the safest in the world, surprising markets. This announcement is believed and it appreciates the dollar but has no effects on the US current account. [AA-DD-XX for US; relative demand and supply for foreign/domestic goods as a function of q; equation for long-run nominal exchange rate]

4. A permanent reduction in government spending, sought by the Tea Party in the US will reduce the US current account deficit, reduce the US government budget deficit, and stimulate output. [AA-DD-XX; definition of government budget deficit; equation for long-run nominal exchange rate]

5. Exxon discovers a very large oil deposit in Oklahoma, and announces plans to develop the site as soon as possible, predicting the oil production will provide hundreds of thousands of jobs. This event appreciates the exchange rate, creates a current account deficit, and increases output in the short run. [AA-DD-XX in extended model; relative demand and supply for foreign/domestic goods as a function of q; equation for long-run nominal exchange rate]

6. Assuming that the supply effects of the Japanese earthquake and tsunami dominate demand effects, the country can expect reductions in output and the current account, and increases in inflation and the current account surplus. [AA-DD-XX]

7. A country with a fixed exchange rate could experience a Generation Two currency crisis if its economy is in a recession and agents don’t trust the government to maintain fixed exchange rates. [AA-DD-XX for fixed exchange rate economy in extended model]

8. A country whose government is printing money to finance a government budget deficit is experiencing inflation. The country can end the inflation by pegging the exchange rate, but at the cost of a future Generation Two currency crisis. [short and long run AA-DD-XX for flexible exchange rate country with money growth to demonstrate inflation, short-run AA-DD-XX for fixed exchange rate country with initial increase in money to demonstrate the end of inflation]

9. Currency devaluation has only short-run effects on output and the current account due to monetary neutrality. [short and long-run AA-DD-XX and definition of monetary neutrality]