

<b>Title</b>	<b>Investigate the causes and discuss the consequences of exchange rate movement</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>2</b>

<b>Purpose</b>	People credited with this unit standard are able to identify and analyse the causes of, and discuss the consequences of, exchange rate movement.
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<b>Classification</b>	Economic Theory and Practice > Macro Economics
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<b>Available grade</b>	Achieved
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### Guidance Information

- 1 *Exchange market* is analysed using the supply and demand model with the Trade Weighted Index (TWI) shown on the price axis.
- 2 *Exchange rate* should be considered in the context of the New Zealand Dollar.
- 3 Recommended skills and knowledge:  
Unit 26010, *Analyse economic events using the demand and supply model*; Unit 26011, *Apply elasticity concepts to the demand and supply model*; or demonstrate equivalent knowledge and skills.

### Outcomes and performance criteria

#### Outcome 1

Identify and analyse the causes of exchange rate movement.

#### Performance criteria

- 1.1 The identification establishes causes of exchange rate movement.  

Range	exchange rate movement includes both exchange rate appreciation and exchange rate depreciation.
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- 1.2 The analysis demonstrates the operation of the exchange market in establishing the equilibrium level.  

Range	capital movements, exports and imports, tourism.
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**Outcome 2**

Discuss the consequences of exchange rate movement.

Range sectors include but are not limited to – exporters, importers, import competing industries, labour market.

**Performance criteria**

- 2.1 The discussion considers the economic impact of an appreciation on sectors of the economy in terms of costs and benefits.
- 2.2 The discussion considers the economic impact of a depreciation on sectors of the economy in terms of costs and benefits.

**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	29 October 1996	31 December 2021
Revision	2	21 July 1999	31 December 2021
Revision	3	14 September 2005	31 December 2021
Review	4	16 October 2009	31 December 2021
Rollover and Revision	5	16 April 2015	31 December 2021
Review	6	27 June 2019	31 December 2021

<b>Consent and Moderation Requirements (CMR) reference</b>	0116
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.