

IB Comparative Political and Economic Systems Global Currency Market Game

For this assignment, you have been given \$100,000 U.S. dollars to play the international currency markets. Your job is to make as much (or lose as little) money as possible in a single week by trading currencies.

To start, go to www.xe.com. There you will find tools to calculate the exchange rate of dollars into dozens of international currencies. Use the calculator to determine how many units of another country's money your hundred grand will buy. **Print off the page that shows how much of the foreign currency you were able to purchase.** Show this printout to your teacher for ten (10) points.

Due date of the first conversion printout: 2/20

You will then sit on your currency for a while and convert it back to U.S. dollars by midnight on 2/24. (If you wait too long, your money will turn into a pumpkin and you will be disqualified from winning the contest.) **You will print out the conversion of your currency back into dollars** and bring it to class the next day for another ten (10) points.

Due date for the second conversion printout: 2/25

The student who finishes the game with the most dollars will receive the Master Speculator award!

Tips:

- Do your research! www.xe.com has a historical rate tables tool that will allow you to see how different currencies have fluctuated against the dollar over time. This will allow you to determine if some exchange rates are fixed and thus poor candidates for speculation.
- If you see news about improving investment prospects or increasing exports from a certain country, this could indicate that its currency will appreciate. Use current information and what you know about the factors influencing exchange rates to make your choices.
- You may choose to hold on to your dollars if you think everyone else will lose money (just convert dollars to dollars), or you may choose to buy a variety of currencies to diversify your risk (split up your \$100,000 and make a conversion printout for each currency you buy).
- You may convert your foreign currency back early if you get news that it might depreciate.