**Tutorial 1**

**Numerical questions**

The following table lists foreign exchange rates between U.S. dollars and British pounds during April:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **U.S. Dollars per GBP** | **Date** | **U.S. Dollars per GBP** |
| 4/1 | 1.9564 | 4/18 | 1.7504 |
| 4/4 | 1.9293 | 4/19 | 1.7255 |
| 4/5 | 1.914 | 4/20 | 1.6914 |
| 4/6 | 1.9374 | 4/21 | 1.672 |
| 4/7 | 1.961 | 4/22 | 1.6684 |
| 4/8 | 1.8925 | 4/25 | 1.6674 |
| 4/11 | 1.8822 | 4/26 | 1.6857 |
| 4/12 | 1.8558 | 4/27 | 1.6925 |
| 4/13 | 1.796 | 4/28 | 1.7201 |
| 4/14 | 1.7902 | 4/29 | 1.7512 |
| 4/15 | 1.7785 |  |  |

Which day would have been the best day to convert $200 into British pounds?

Which day would have been the worst day? What would be the difference in pounds?

**Discussion questions**

1. Explain the link between well-performing financial markets and economic growth. Name one channel through which financial markets might affect economic growth and poverty.

2. How would banks benefit when interest rates fall?

3. How does a decline in the value of the pound sterling affect German consumers in the Eurozone?

4. How does an increase in the value of the U.S. dollar affect businesses in the Eurozone?

5. What effect might a fall in stock prices have on business investment?

6. Discuss the role of banks as financial institutions that fuel the economic growth of a nation.

7. “A robust financial market is one of the pillars of stable economic growth and financial sustainability for the future.” Discuss.

8. How can monetary policies created by a central bank affect financial markets and financial institutions?