

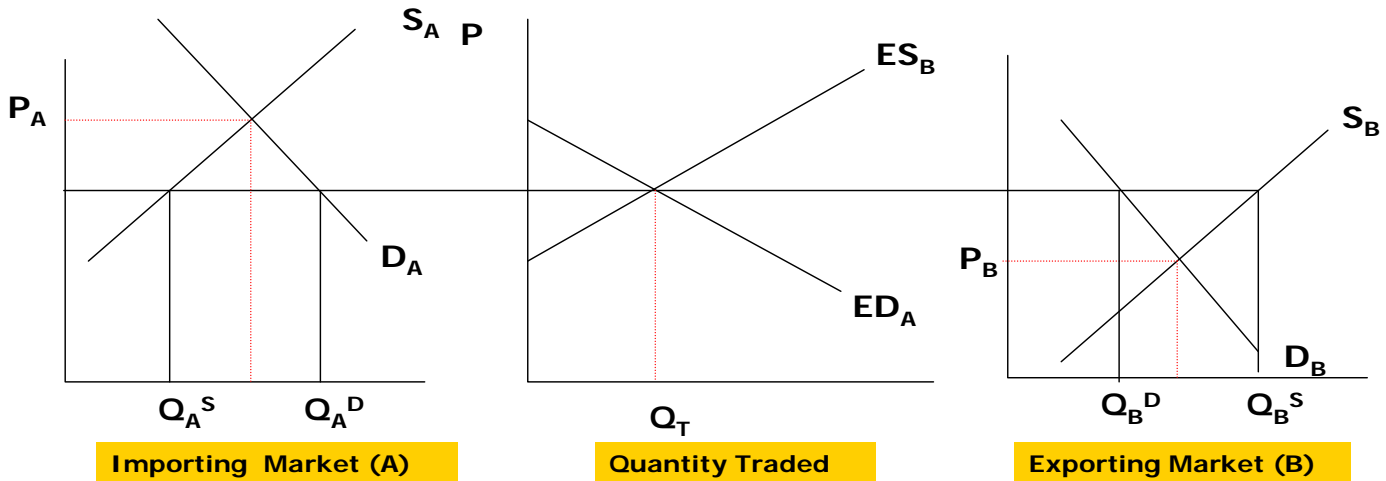
Journal Entry #16 for AEC 305 (Fall 2009)
In-Class, December 3, 2009 (5 points)

1) Complete the following table

	Yen/\$	\$/Yen	Euro/\$	\$/Euro
12/04/08	93	$1/93 = .0108$		1.28
11/20/09	89	$1/89 = .0112$		1.49
Value of \$ (Increase or Decrease)	Decrease			
Value of Foreign Currency (Increase or Decrease)	Increase			
U.S Exports to: (Japan/Europe)	Increase			
U.S. Imports from: (Japan/Europe)	Decrease			
Cost of \$100 item (12/04/08)	$\$100 * 93 = 9300 \text{ Yen}$			
Cost of \$100 item (11/20/09)	$\$100 * 89 = 8900 \text{ Yen}$			
Cost of \$100 item (11/20/04)				Euros
Cost of \$100 item (11/20/09)				Euros

Two Region Trade Model

(Figure 10-1, No Transportation Costs)



AEC 305, Food and Agricultural Marketing Principles

MARKET A (BEFORE TRADE)

Demand: $Q = 72 - 8P$
 Supply: $Q = 12 + 4P$

MARKET B (BEFORE TRADE)

Demand: $Q = 40 - 4P$
 Supply: $Q = 20 + 4P$

TRADE (INTERSECTION OF EXCESS SUPPLY AND EXCESS DEMAND)

MARKET A (AFTER TRADE)

MARKET B (AFTER TRADE)