

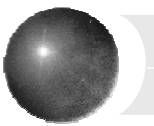
Variable Net Exports

CHAPTER 9

Appendix

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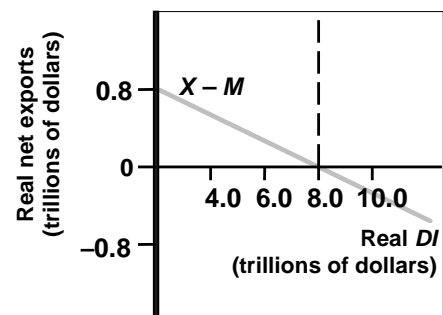
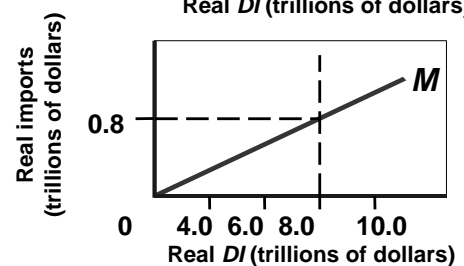
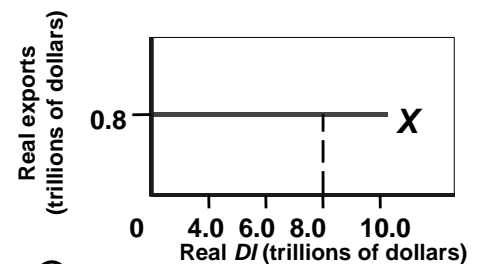


Imports, Exports, Net Exports

The amount of export depends
not on the domestic level of income
on income levels in foreign countries

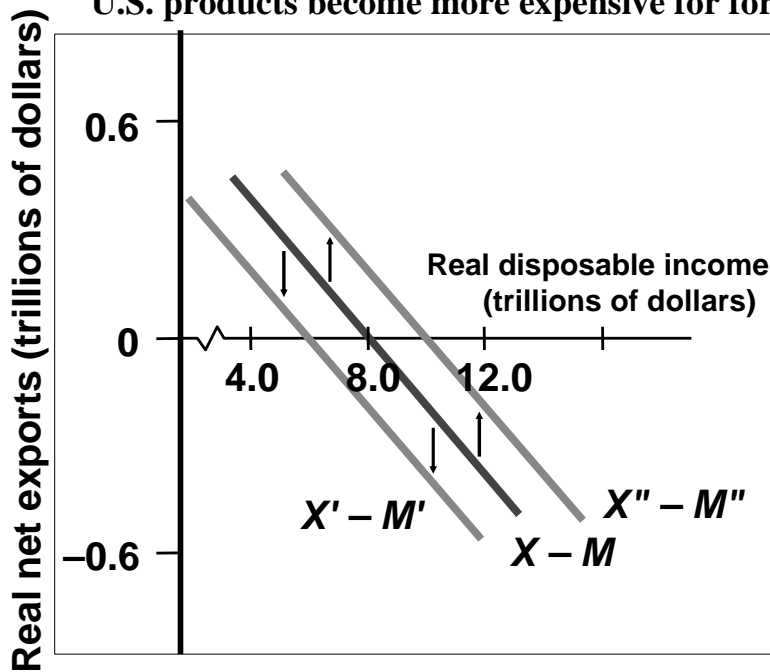
When DI increases, consumers spend more
on all goods and services, including imported
goods and services → the relationship
between imports and income is positive

$$\text{Net Export} = X - M,$$



Shifts in Net Exports

If the value of the dollar increases (relative to foreign currencies),
Foreign products become cheaper
U.S. products become more expensive for foreigners.



Net export function shifts
from $X - M$ down to $X' - M'$.

A decline in the dollar's
value
Shift of the net export from
 $X - M$ to $X'' - M''$