

currency appreciation	an increase in the value of an economy's currency in terms of another currency
currency depreciation	a decrease in the value of an economy's currency in terms of another currency
dirtying the float	where the Reserve Bank buys and sells Australian dollars in foreign exchange markets to influence the value of the exchange rate
exchange rate	the value of one currency expressed in terms of another currency
fixed exchange rate	when the value of an economy's currency is officially set by the government or the central bank

flexible peg

an exchange rate system where the currency's value is fixed at a pre-announced level, but can be changed in response to foreign exchange market forces

floating exchange rate

when the value of a country's currency is determined by the forces of demand and supply in foreign exchange markets

foreign exchange market

the market in which currencies are traded

international competitiveness

a measure of the ability of Australian producers to compete with foreign producers in both local and world markets

monetary policy

a macroeconomic policy aimed at influencing the cost and supply of money in the economy to influence outcomes such as economic growth and inflation

Reserve Bank of
Australia (RBA)

Australia's central bank whose main roles are to conduct monetary policy and oversee the stability of the financial system

trade weighted index
(WTI)

a measure of the value of the Australian dollar against a basket of foreign currencies of major trading partners

valuation effect

where an appreciation (or depreciation) of the currency causes a decrease (or increase) in the Australian dollar value of foreign debt that is borrowed in foreign currency
