

Dynamics of currency exchange and Inflation rate: Impact of Recession and Pandemic

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Introduction and Objectives

Defining Time Value of Money

A concept that there is greater benefit to receiving a sum of money now rather than an identical sum later.

Cost of Time Value of Money:

Spending money either saving money or investing money.

Research Question: How may the value of money reflect in the currency exchange and the related inflation rate? How may recession and pandemic impact the currency exchange and the inflation rate?

Methods

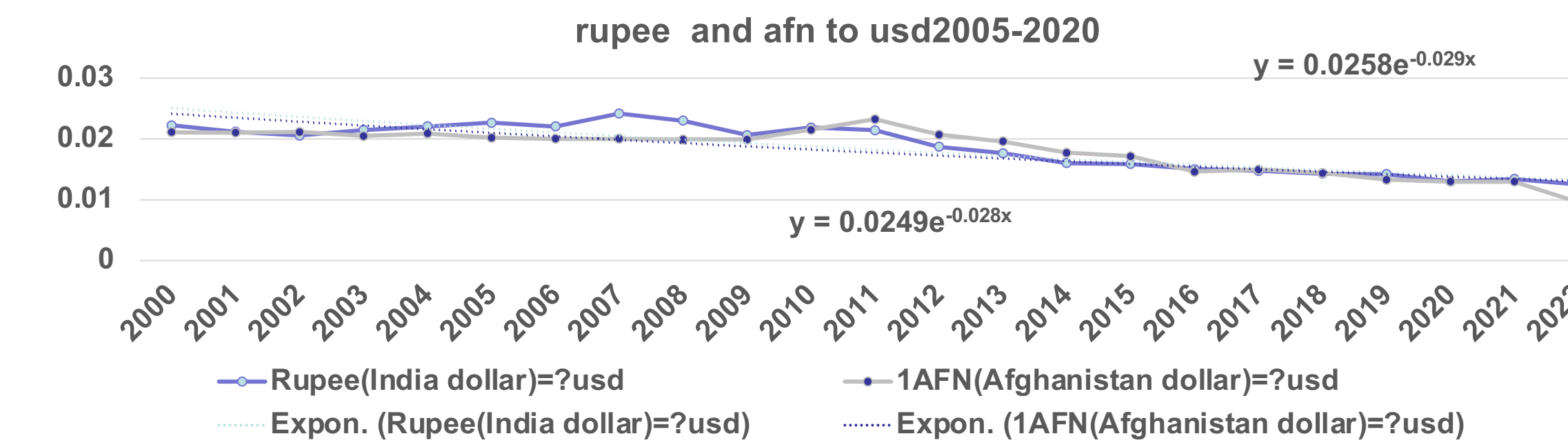
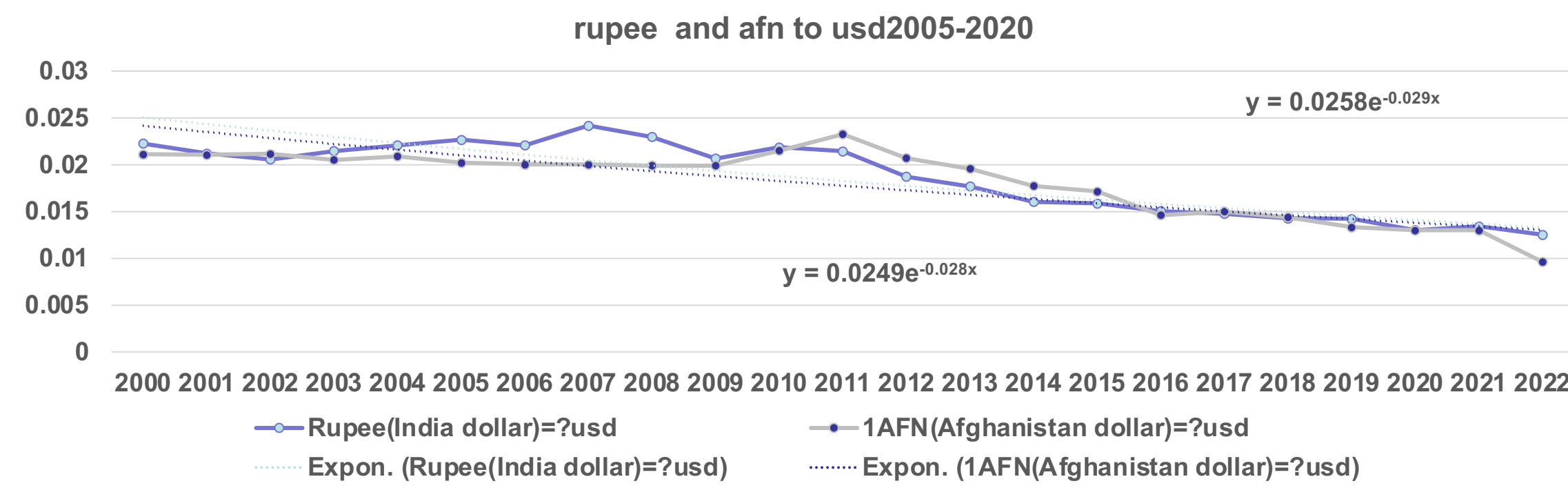
DATA

Data collected from <https://www.usinflationcalculator.com/inflation/> they provide all inflation data on different countries

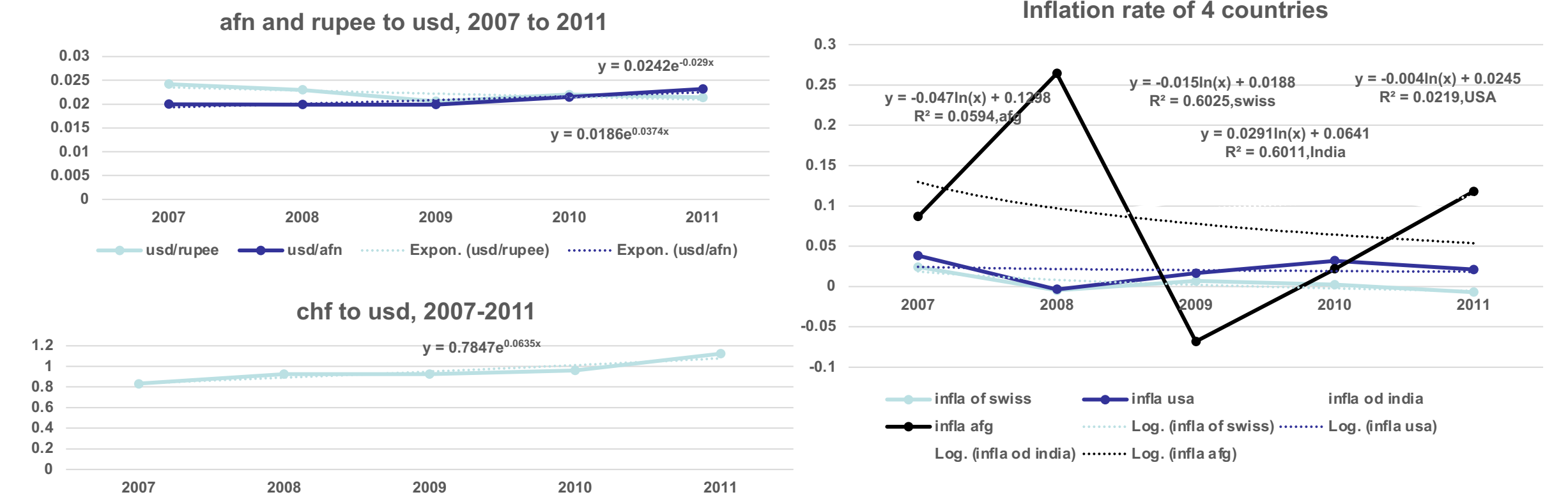
Analysis

In order to determine the connection between inflation rate and currency change, the past 20 years currency and inflation rate data collected. Then, plot the data between 2007-2011 and compare the similarities. Using Switzerland as developed country, India as developing country and Afghanistan

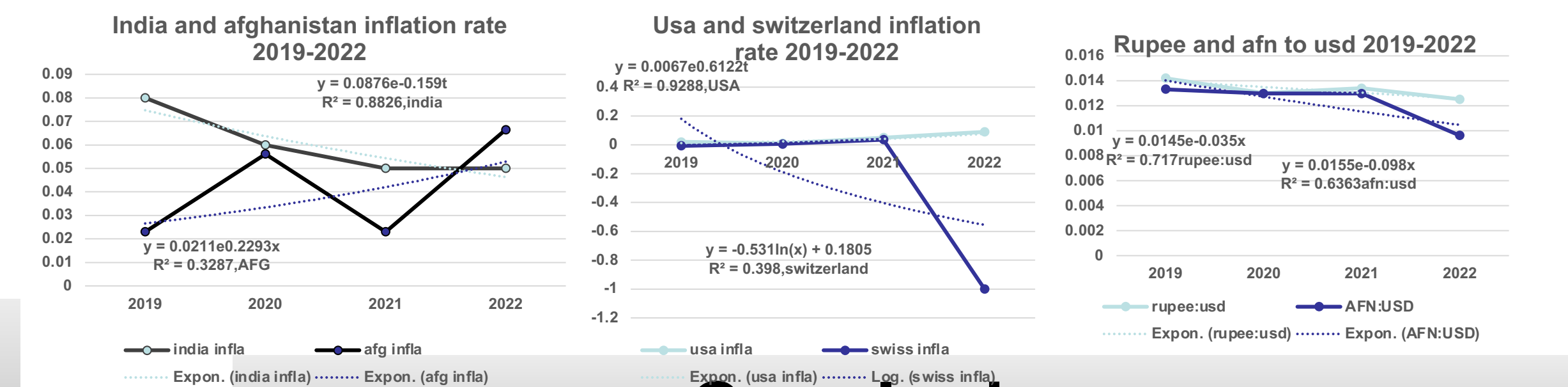
Dynamics of Currency Exchange



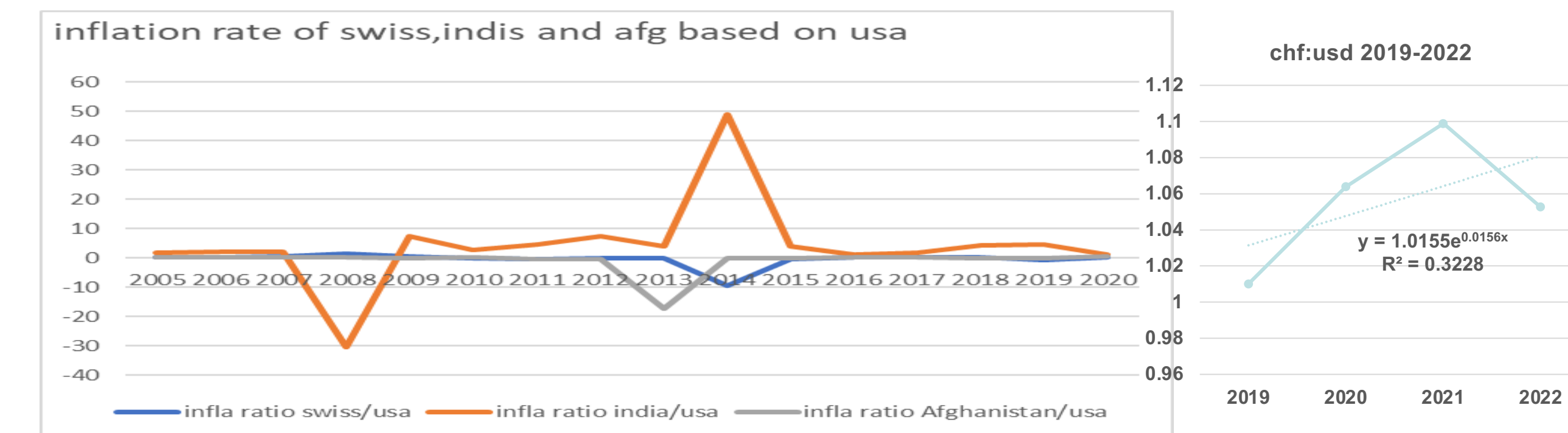
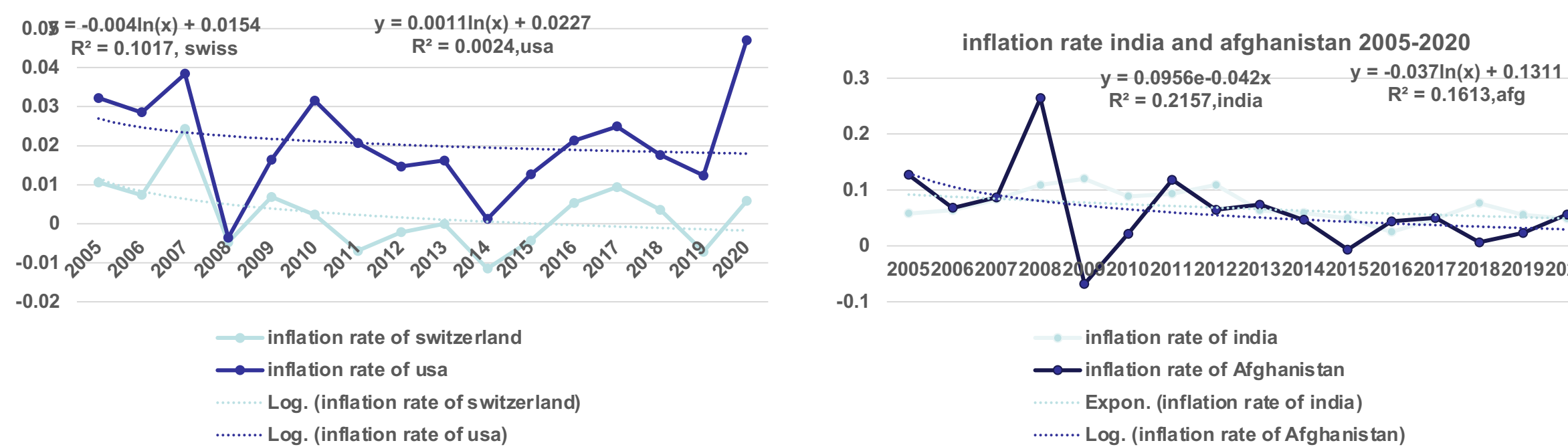
Impacts of Recession



Impacts of Pandemic



Dynamics of Inflation Rate



Conclusions

The least-developed country has the waded inflation(yellow line), the developing-country has a slightly high inflation(gray line), the fully-developed country has the flat inflation rate means the economic is very stable. As for the currency exchange rate, gray line(Afghanistan) and orange line(India) are very similar.

2007-2012, we can obviously see that inflation rate may not related to currency exchange rate as the result shown, Switzerland remain steady while India and Afghanistan are close together. The inflation rate of India and Afghanistan is unstable while USA and Switzerland are stable

Acknowledgements

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