Table 1: Expected profits when *y* firm sets price in the *y* currency

Variability of exchange rates:		Cross-price effect	Expected profits of firm from *x* when he sets price in (and the *y* firm prices in *y*):			Expected profits of firm from *y* when he sets price in *y* and the *x* firm sets price in:		
e	e^o	γ	*x*	*z*	*y*	*x*	*z*	*y*
H	H	1	5.245	5.593	5.286	5.245	5.210	5.081
H	L	1	5.212	5.558	5.538	5.571	5.534	5.5251
L	H	1	5.571	5.593	5.286	5.212	5.210	5.081
L	L	1	5.536	5.558	5.538	5.536	5.534	5.5251
H	H	2	17.28	18.17	17.87	17.28	17.12	16.54
H	H	3	95.20	99.01	98.75	95.20	94.24	90.72
H	H	3.9	12224	12612	12619	12224	12098	11640

Table 2: Expected profits when *y* firm sets price in the *z* currency

Variability of exchange rates		Cross-price effects	Expected profits of firm from *x* when he sets price in (and the *y* firm sets price in *z*):			Expected profits of firm from *y* when he sets price in *z* and the *x* firm sets price in:		
e	e^o	γ	*x*	*z*	*y*	*x*	*z*	*y*
H	H	1	5.210	5.555	4.924	5.593	5.555	5.097
H	L	1	5.210	5.555	5.514	5.593	5.555	5.5253
L	H	1	5.534	5.555	4.924	5.558	5.555	5.097
L	L	1	5.534	5.555	5.514	5.558	5.555	5.5253
H	H	2	17.12	18.00	15.65	18.17	18.00	15.38
H	H	3	94.24	98.00	74.80	99.00	98.00	72.12
H	H	3.9	12098	12482	1872	12612	12482	1798

Table 3: Equilibrium choice of price setting currencies

Expected profits for firm from *x*
when setting price in

Expected profits for firm from y when setting price in (rows)

	x		*z*		*y*	
x	5.538	5.5250	5.514	5.5253	0.982	1.138
z	5.558	5.534	5.555	5.555	5.097	4.924
y	5.212	5.571	5.210	5.593	5.081	5.286

Expected profits are calculated for the case where variability of e is L, variability of e^0 is H, and c=C=γ=1, Q=6, b=2.

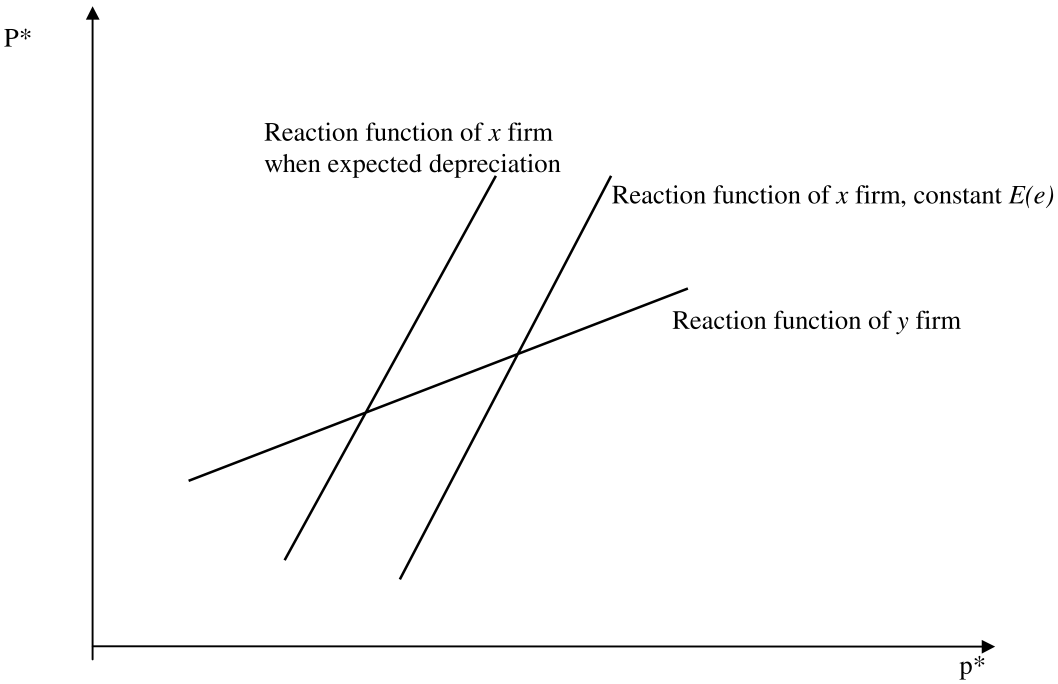

Fig.1. Effects on prices from an expected depreciation of currency *x*.