Scenario: US trades with Canada.

1. Canada goes into recession.
2. Canadian imports (U.S. exports) decrease, reducing US GDP.
3. Demand for US $ decreases
4. Exchange rate ($CDN/$US) decreases.

5. US exports get cheaper.
6. Canadians buy more U.S. goods.

Story: floating exchange rate helps blunt effects of recessions in trading-partner countries.