

20. Which of the following are reasons for the Reserve Bank of Australia to have a medium-term inflation targeting strategy?
- (i) Inflation creates certainty as it discourages non-productive investment.
 - (ii) Inflation leads to higher nominal interest rates, which may reduce spending.
 - (iii) Inflation increases the international competitiveness of exporters.
 - (iv) Inflation redistributes income and can increase inequality.
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- (a) (i) and (ii)
 - (b) (ii) and (iii)
 - (c) (iii) and (iv)
 - (d) (ii) and (iv)