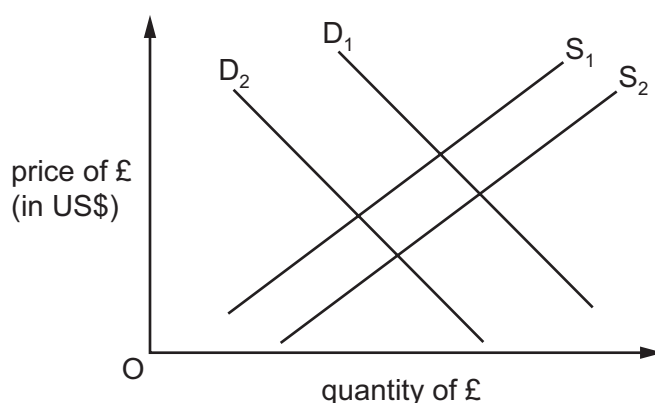


- 23 In the diagram D_1 and S_1 are the initial demand and supply curves of the UK pound (£) on the foreign exchange markets.



What will cause the demand curve to shift to D_2 and the supply curve to S_2 ?

- A an appreciation of the pound
 - B an increase in incomes in the US
 - C an increase in the price level in the US
 - D a decrease in UK interest rates
- 24 There was an increase in the value of the US dollar against the Australian dollar.
- What might be a result of this?
- A an increase in the volume of exports from the US to Australia
 - B an increase in the volume of imports to the US from Australia
 - C fewer people from the US take holidays in Australia
 - D more people from Australia take holidays in the US
- 25 Which combination of changes in export prices and import prices would result in an improvement in a country's terms of trade?

	average export prices	average import prices
A	decrease by 5%	decrease by 10%
B	decrease by 10%	decrease by 5%
C	decrease by 10%	increase by 5%
D	increase by 5%	increase by 10%