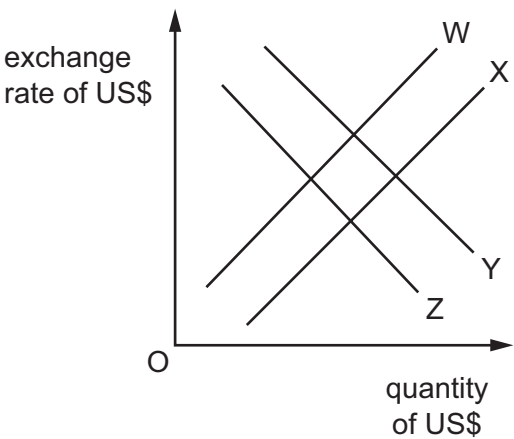


- 23** The US central bank lowers its interest rate. This has an effect on the exchange rate of the US\$. The diagram shows the resulting changes in the demand for and supply of US\$ in the foreign exchange market.



A change is shown by a move from a curve numbered 1 to a curve numbered 2.

What should curves W, X, Y and Z be labelled to show the effect of the interest rate fall on the exchange rate?

	W	X	Y	Z
<b>A</b>	S <sub>1</sub>	S <sub>2</sub>	D <sub>1</sub>	D <sub>2</sub>
<b>B</b>	S <sub>1</sub>	S <sub>2</sub>	D <sub>2</sub>	D <sub>1</sub>
<b>C</b>	S <sub>2</sub>	S <sub>1</sub>	D <sub>1</sub>	D <sub>2</sub>
<b>D</b>	S <sub>2</sub>	S <sub>1</sub>	D <sub>2</sub>	D <sub>1</sub>

- 24** The table refers to a particular country.

year	index of import prices (2010 = 100)	index of export prices (2010 = 100)
2005	48.1	57.0
2015	122.4	120.8

Which statement about the period 2005 to 2015 is correct?

- A** The balance of payments worsened.
- B** The current account balance improved.
- C** The exchange rate appreciated.
- D** The terms of trade fell.