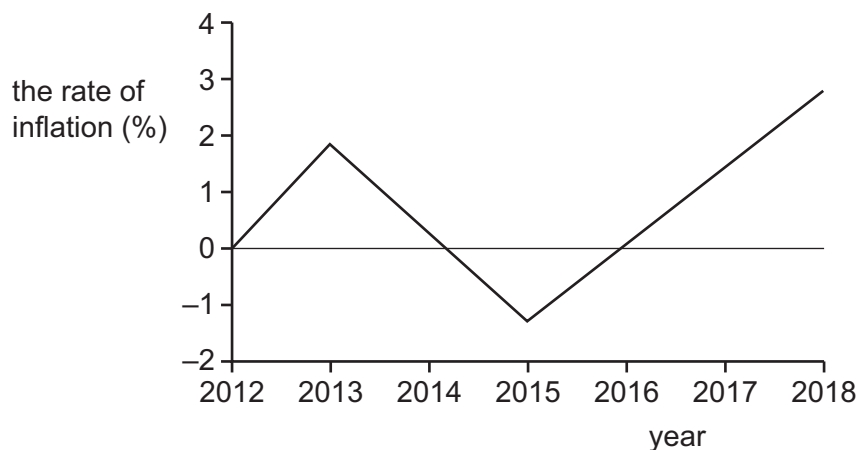


- 20** What does a trade-weighted exchange rate attempt to take account of?
- A** a country's terms of trade
  - B** international trade as a proportion of a country's national income
  - C** the relative value of international trade done with a country's trading partners
  - D** the size of a country's current account surplus or deficit
- 21** What will lead to an improvement in the terms of trade?
- A** Export prices fall by 10% and import prices fall by 5%.
  - B** Export prices fall by 10% and import prices rise by 5%.
  - C** Export prices rise by 5% and import prices rise by 10%.
  - D** Export prices rise by 10% and import prices rise by 5%.
- 22** The diagram shows the annual inflation rate in an economy.



What can be deduced from the graph?

- A** The price of goods and services fell between 2013 and 2014.
- B** Disinflation took place between 2014 and 2015.
- C** The purchasing power of money increased between 2014 and 2015.
- D** The cost of living fell from 2016 onwards.