

23 A country has a fixed exchange rate.

What is likely to result in a deterioration in its balance of payments?

- A** a decrease in interest rates in foreign countries
- B** a decrease in the country's interest rates
- C** a decrease in the country's National Income
- D** an increase in the income of foreign countries

24 At present, one unit of a country's currency exchanges for US\$1.2. The country aims to set its exchange rate equal to US\$1.0.

Which combination of government actions in the foreign exchange market must achieve this aim?

- A** buying US currency and buying its own currency
- B** buying US currency and selling its own currency
- C** selling US currency and buying its own currency
- D** selling US currency and selling its own currency

25 The table gives the Terms of Trade Index in 2010 and 2013 for Japan and Venezuela.

Terms of Trade (2000=100)

	2010	2013
Venezuela	215.9	254.6
Japan	67.7	59.0

Which combination of statements is a correct interpretation of the changes between 2010 and 2013?

	can buy more imports per unit of exports	import prices have risen faster than export prices
A	Japan	Japan
B	Japan	Venezuela
C	Venezuela	Japan
D	Venezuela	Venezuela