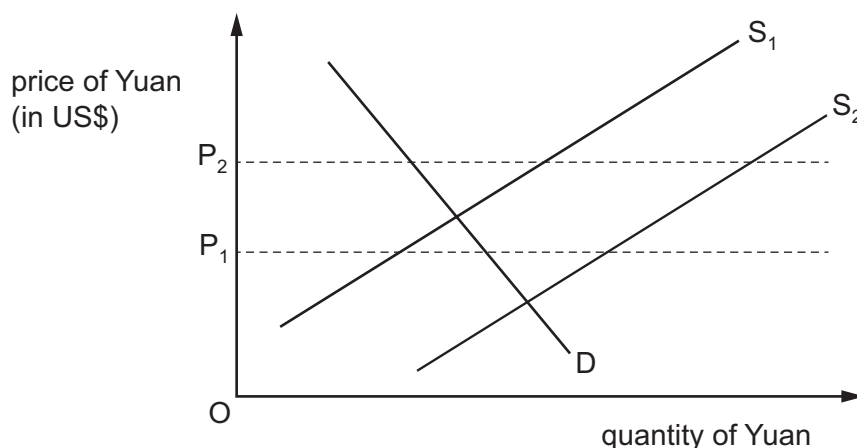


- 22** Assume the Chinese monetary authorities are committed to maintaining the exchange rate of China's currency, the Yuan, against the US\$ between  $P_1$  and  $P_2$  on the diagram.



What might they do if supply changed from  $S_1$  to  $S_2$ ?

- A** introduce controls on Chinese investment overseas
  - B** lower interest rates
  - C** remove tariffs on imports from USA
  - D** sell Yuan on the foreign exchange markets
- 23** In the UK in July 2014, £1 = US \$1.71.  
By the end of August 2014, £1 = US \$1.65.
- What is most likely to explain this?
- A** an increase in UK exports
  - B** an increase in UK interest rates
  - C** increasing profitability of UK companies
  - D** increasing size of UK national debt
- 24** Which formula is used to calculate a country's terms of trade?
- A** index of export prices – index of import prices
  - B** index of import prices – index of export prices
  - C**  $\frac{\text{index of export prices}}{\text{index of import prices}} \times 100$
  - D**  $\frac{\text{index of import prices}}{\text{index of export prices}} \times 100$