

**25** The table shows an index number of prices between 2009 and 2012.

In the base year of 2008, inflation was 2% per annum.

What was the first year in which the rate of inflation fell?

	year	price index
<b>A</b>	2009	103
<b>B</b>	2010	104
<b>C</b>	2011	104
<b>D</b>	2012	101

**26** What will be the probable effect of an increase in indirect taxes on demand-pull inflation and on cost-push inflation?

	demand-pull inflation	cost-push inflation
<b>A</b>	increase	increase
<b>B</b>	increase	decrease
<b>C</b>	decrease	decrease
<b>D</b>	decrease	increase

**27** When is a balance of trade deficit likely to be considered a particularly difficult problem for a country?

- A** when the imported goods are identical to domestic products
- B** when the imported goods are items of capital equipment
- C** when the imported goods are the raw material for exports
- D** when the imported goods are to cover a temporary shortage