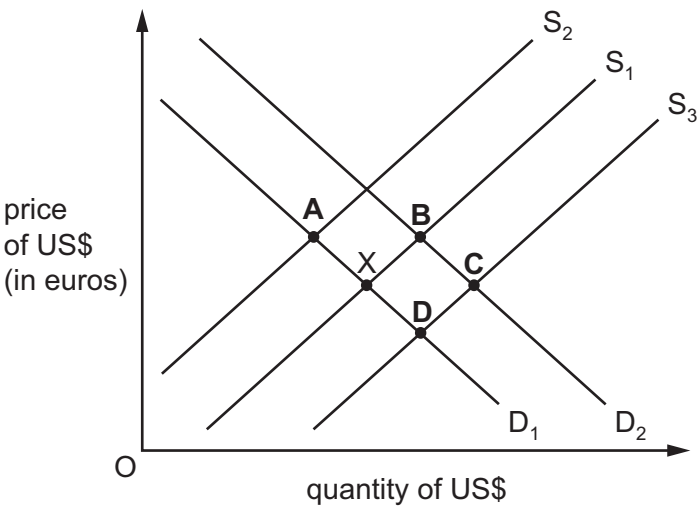


24 In the diagram the foreign exchange market is initially in equilibrium at X.

What could be the new equilibrium position after an increase in demand from US residents for holidays in Europe?



25 Which combination of changes in import prices and export prices would result in a fall in the value of a country's terms of trade?

| | average import prices | average export prices |
|---|-----------------------|-----------------------|
| A | decrease by 5% | decrease by 10% |
| B | decrease by 10% | decrease by 5% |
| C | decrease by 10% | increase by 5% |
| D | increase by 5% | increase by 10% |