25 In June 2013, the Governor of the Bank of Namibia announced that the Central Bank's lending rate would remain low as long as inflation remained low.

What would **not** lead to a risk of inflation?

A increased output in the mining, manufacturing and construction industries

B Namibian dollar depreciation against the currencies of its trading partners

C severe weather problems that harm crop production

D the Namibian Government's policy of increased public expenditure

26 The capital value of a non-interest bearing asset is index-linked.

During a period of inflation, how will its money value and its real value change?

	money value	real value
A	rises	rises
B	rises	stays constant
C	stays constant	falls
D	stays constant	stays constant

27 For many years, Japan had a current account surplus which then became a current account deficit.

What might explain this change?

A Japan has faced deflation.

B Japan has introduced protectionist policies.

C Japan's currency has depreciated.

D Japanese manufacturing has lost its comparative advantage.

28 What is the likely effect on the volume of exports and imports if a country with a fixed exchange rate experiences a higher rate of inflation than its trading partners?

	exports	imports
A	increase	decrease
B	decrease	increase
C	increase	increase
D	decrease	decrease