

- 22** The table gives figures from the current account of the balance of payments for New Zealand in 2018.

There are two blank spaces, X and Y, in the account.

	NZ\$(millions)
exports of goods	54 700
imports of goods	57 400
balance of trade in goods	X
balance of trade in services	Y
primary income balance	−10 600
secondary income balance	−400
current account balance	−8 500

Four students were asked to fill in the spaces.

Which student was correct?

	X	Y
<b>A</b>	+2700	+5200
<b>B</b>	+2700	−5200
<b>C</b>	−2700	+5200
<b>D</b>	−2700	−5200

- 23** What is indicated by an economy's terms of trade?

- A** the degree of its dependence on imports
- B** the international competitiveness of its exports
- C** the purchasing power of its exports relative to its imports
- D** the relative strength of its currency in the foreign exchange market

- 24** A country operates a floating exchange rate.

Why might a government change to a fixed exchange rate?

- A** to increase the stock of foreign currency reserves
- B** to make the terms of trade more favourable
- C** to raise the level of certainty for businesses
- D** to use the exchange rate to reduce domestic prices