28 Country X trades with only two countries, the USA and Japan.

90 % of the country's trade is with the USA and 10 % is with Japan.

The original value of the trade-weighted exchange rate index is 100.

The value of country X's currency against the US$ rises by 10%. The value of country X's currency against the Japanese yen rises by 50 %.

What will be the value of country X's new trade-weighted exchange rate index?

A 114 **B** 115 **C** 130 **D** 160

29 A government with a floating exchange rate wishes to encourage a rise in the international value of its currency.

What should it do?

A Lower the level of domestic interest rates.

B Reduce the amount of foreign currency available to its citizens.

C Reduce subsidies to its exporters.

D Remove trade barriers on imports.

30 Tom has set up his own business, which is based in premises owned by Fanda. All machinery is hired from an equipment company. Both Tom and Fanda are employed in the business.

What describes the earnings of Tom and Fanda?

	Tom	Fanda
A	rent and profit	interest and profit
B	wages and profit	wages and rent
C	interest and rent	rent and profit
D	wages and interest	wages and interest