

21 What must be the result for a country of a rise in its export prices relative to its import prices?

- A** a deficit in its trade in goods
- B** an improvement in its terms of trade
- C** an increase in its inflation rate
- D** a rise in its exchange rate

22 A country imports components which it uses in the production of electrical goods for the domestic market. The country is experiencing a rise in incomes.

What is likely to happen to the price of electrical goods and the country's balance of trade?

	price of electrical goods	balance of trade
A	fall	improve
B	fall	worsen
C	rise	improve
D	rise	worsen

23 The table gives figures for household spending in the UK economy between 2008 and 2010.

	nominal household consumption spending (£ million)	real household consumption spending (£ million)
2008	878 024	878 024
2009	858 242	846 961
2010	900 204	855 302

What can be concluded from the figures?

- A** All households bought more goods and services in 2010 than in 2008.
- B** Households saved more in 2008 than in 2010.
- C** Inflation was higher in 2010 than in 2009.
- D** Living standards were lower in 2009 than 2010.