

25 The table shows a country's rate of inflation for four years.

year	rate of inflation %
2009	4.0
2010	3.0
2011	2.5
2012	2.0

What fell between 2009 and 2012?

- A** average prices
- B** the cost of living
- C** the exchange rate
- D** the value of money

26 What is **not** a possible cause of cost-push inflation?

- A** an increase in firms' profit margins
- B** an increase in raw material prices
- C** an increase in the supply of money
- D** an increase in trade union power

27 What would lead a country to move from a surplus to a deficit on the current account of the balance of payments?

- A** a depreciating exchange rate combined with a high rate of inflation and falling productivity
- B** a depreciating exchange rate combined with a low rate of inflation and rising productivity
- C** an appreciating exchange rate combined with a high rate of inflation and falling productivity
- D** an appreciating exchange rate combined with a low rate of inflation and rising productivity

28 What determines the purchasing power parity of a currency?

- A** relative costs of living
- B** relative rates of interest
- C** the balance of payments current account
- D** the volume of trade creation