

- 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