

**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