

- 28** The table gives information about the trade between Singapore and New Zealand during 2001, the first year after they signed a free trade agreement. The values are given both in Singapore dollars (S\$) and New Zealand dollars (NZ\$).

| | S\$m | NZ\$m | percentage change from 2000 |
|------------------------------------|------|-------|--------------------------------|
| Singapore exports to New Zealand | 508 | 618 | +20 % |
| Singapore imports from New Zealand | 331 | 403 | -17 % |

What can be concluded from the table?

- A** New Zealand gained more than Singapore from the trade agreement.
 - B** New Zealand's trade position with Singapore improved in 2001.
 - C** Singapore had a trade surplus with New Zealand in 2001.
 - D** The exchange rate in 2001 was approximately NZ\$ 1 = S\$ 1.2.
- 29** At present, one unit of a country's currency exchanges for US\$1.2. The country aims to set its exchange rate at US\$1.4.

Which combination of government actions in the foreign exchange market must achieve this aim?

- A** buying US currency and buying its own currency
 - B** buying US currency and selling its own currency
 - C** selling US currency and buying its own currency
 - D** selling US currency and selling its own currency
- 30** The government wishes to encourage a rise in the external exchange rate of a currency in order to dampen inflationary expectations.

What should it do?

- A** discourage inward foreign direct investment
- B** raise interest rates
- C** raise the level of aggregate demand in the economy
- D** remove quotas on imported products