

27 The table gives details of some parts of a country's balance of payments.

In which year did the country have its largest trade deficit?

	value of exports of goods (\$m)	value of imports of goods (\$m)	value of net income and transfers (\$m)
A	3914	3005	+110
B	3950	4073	+80
C	4774	4781	−65
D	5226	5102	−101

28 Country X trades with only two countries, the USA and Japan.

90 % of the country's trade is with the USA and 10 % is with Japan.

The original value of the trade-weighted exchange rate index is 100.

The value of country X's currency against the US\$ rises by 10%. The value of country X's currency against the Japanese yen rises by 50 %.

What will be the value of country X's new trade-weighted exchange rate index?

- A** 114 **B** 115 **C** 130 **D** 160

29 What is most likely to cause a rise in a country's exchange rate?

- A** a fall in its direct taxes
B a fall in its export orders
C a rise in its interest rates
D a rise in its imports

30 An economy has a high level of unemployment and a large balance of payments deficit on the current account.

What would be a suitable policy for the government to adopt?

- A** decrease government spending
B devalue the currency
C increase direct taxation