

**25** 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
<b>A</b>	rises	rises
<b>B</b>	rises	stays constant
<b>C</b>	stays constant	falls
<b>D</b>	stays constant	stays constant

**26** When will a reduction in unemployment result in an increase in inflation?

- A** when a high percentage of the increase in income is saved
- B** when the economy reaches its production possibility curve
- C** when the jobs created are unskilled
- D** when the newly employed buy mainly imported goods

**27** 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.