

26 The table shows the Consumer Price Index (CPI) for a country.

year	CPI
2008	100
2009	104
2010	102
2011	105
2012	108
2013	111

Which statement about the period 2008 to 2013 is correct?

- A** Prices increased each year.
- B** Prices increased fastest in 2011.
- C** The rate of inflation was 2% in 2010.
- D** The smallest rise in prices was in 2013.

27 At a time when international demand for oil was high, Bolivia encouraged investment by foreign firms in order to exploit its oil and gas resources.

What overall impact would this have on the balance of payments of Bolivia?

- A** definitely favourable, as Bolivia could increase its exports of gas and oil
- B** definitely unfavourable, as the foreign companies would transfer profits out of the country
- C** uncertain, as there would be inflows and outflows of currency
- D** zero, as Bolivia itself would use the gas and oil produced

28 An economy with a fixed exchange rate experiences an increased deficit on the current account of the balance of payments.

What is most likely to increase as a consequence?

- A** employment
- B** interest rates
- C** investment
- D** national output