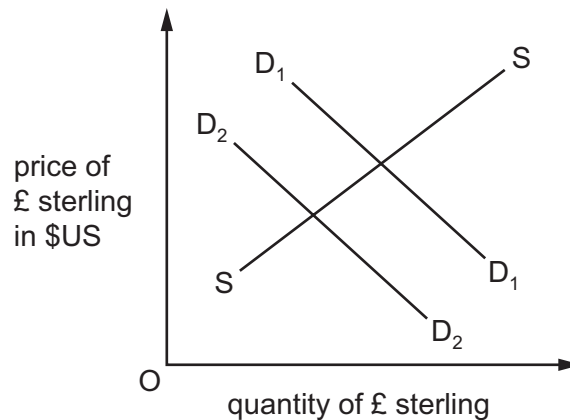


- 23** An increase or decrease in exchange rates can take place in both a floating and a fixed exchange rate system but different terminology is used for each system.

What is the correct terminology?

	decrease in floating	increase in fixed
<b>A</b>	depreciation	appreciation
<b>B</b>	depreciation	revaluation
<b>C</b>	devaluation	appreciation
<b>D</b>	devaluation	revaluation

- 24** In the diagram, curves  $D_1D_1$  and  $SS$  relate to the demand for and supply of £ sterling in the foreign exchange market.



What may cause the demand curve to shift from  $D_1D_1$  to  $D_2D_2$ ?

- A** an increase in the price of US goods sold in the UK
- B** an increase in UK interest rates
- C** the development of US substitutes for UK goods
- D** the removal of UK tariffs against US goods