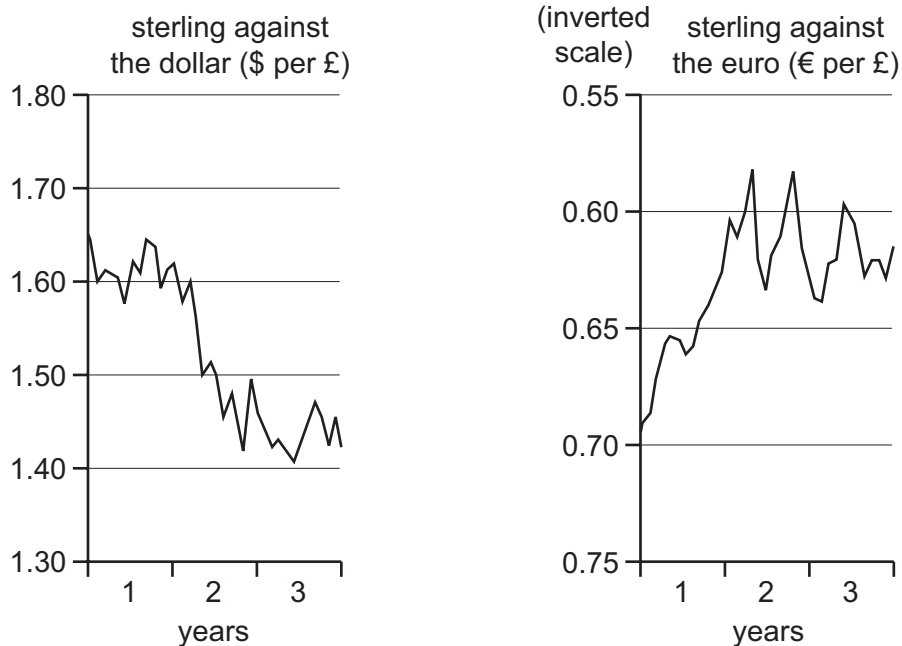


- 23** The graphs show the changes in the exchange rates of the £ sterling against the US\$ and against the euro. The exchange rate of sterling against the euro is shown by an inverted scale.



Which statement about the period year 1 to year 3 is correct?

- A** The £ appreciated against the \$ and the €.
  - B** The £ appreciated against the \$ and depreciated against the €.
  - C** The £ depreciated against the \$ and the €.
  - D** The £ depreciated against the \$ and appreciated against the €.
- 24** What has happened when a country's terms of trade are said to have moved in a favourable direction?
- A** Each unit of imports costs more exports.
  - B** More foreign currency enters the country to pay for exports.
  - C** The monetary value of exports and imports is equalised.
  - D** The ratio of the index of export prices to the index of import prices increases.
- 25** What is the least likely outcome for participating countries of a move towards freer trade?
- A** a greater product choice
  - B** a more equal distribution of income
  - C** greater international specialisation
  - D** higher standards of living