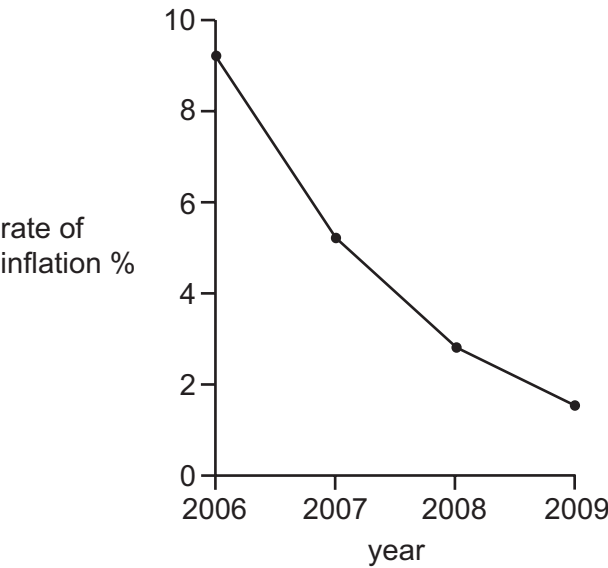


25 The diagram shows the annual rate of inflation in a country between 2006 and 2009.



Which statement about the period 2006 to 2009 is correct?

- A The cost of living fell.
  - B The price level rose.
  - C The Retail Prices Index fell.
  - D The value of money rose.
- 26 If a country succeeds in attracting foreign direct investment in a single year, what is the result on its balance of payments in the short run and long run?

	short run	long run
A	a credit in the current account	a debit in the financial account
B	a debit in the current account	a credit in the financial account
C	a credit in the financial account	uncertain in the current account
D	uncertain in the financial account	a credit in the current account

27 Country X conducts 60% of its trade with country Y and 40% of its trade with country Z. The initial value of the trade weighted exchange rate index of country X is 100.

What will be its new trade weighted exchange rate index value if its currency falls in value by 20% against the currency of Y and rises by 10% against the currency of Z?

- A 84                      B 90                      C 92                      D 116