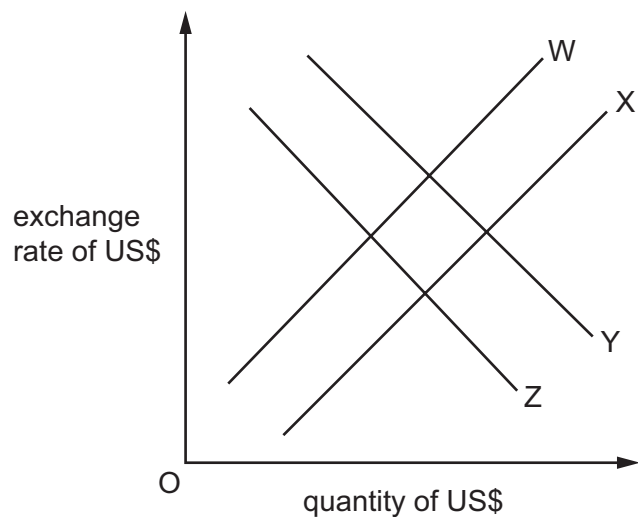


**29** With an exchange rate of 5 Egyptian pounds (EGP) = 1 US dollar (\$), an American product sells in Egypt for EGP 100.

Assuming that the dollar price remains unchanged, what will be the price of the product in Egypt if the Egyptian pound appreciates to 4 EGP = 1 US\$?

- A** EGP 75            **B** EGP 80            **C** EGP 120            **D** EGP 125

**30** The US Central Bank raises its interest rate to improve its balance of payments position. The diagram shows the resulting changes in the demand for and supply of US\$ in the foreign exchange market.



What should curves W, X, Y and Z be labelled to show the effect of the interest rate rise on the exchange rate? (Assume a change is shown by a move from a curve numbered 1 to a curve numbered 2.)

	W	X	Y	Z
<b>A</b>	S <sub>1</sub>	S <sub>2</sub>	D <sub>1</sub>	D <sub>2</sub>
<b>B</b>	S <sub>1</sub>	S <sub>2</sub>	D <sub>2</sub>	D <sub>1</sub>
<b>C</b>	S <sub>2</sub>	S <sub>1</sub>	D <sub>1</sub>	D <sub>2</sub>
<b>D</b>	S <sub>2</sub>	S <sub>1</sub>	D <sub>2</sub>	D <sub>1</sub>