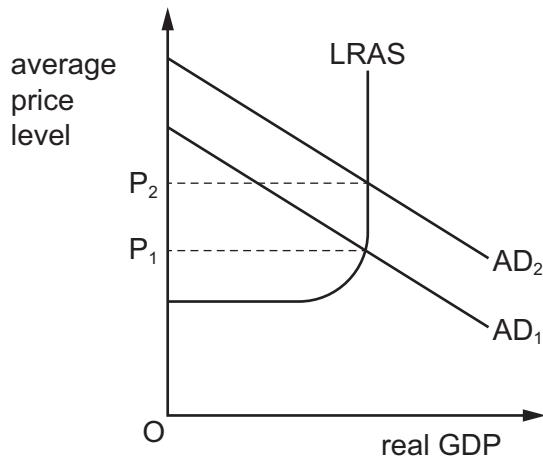


- 16 The diagram shows the effect on the average price level when aggregate demand (AD) increases from AD_1 to AD_2 .



Which statement relating to this change in aggregate demand is correct?

- A Nominal GDP has increased.
 - B Nominal GDP is unchanged.
 - C Real GDP has increased.
 - D Real GDP has fallen.
- 17 The table lists the values of the components of an economy’s circular flow of income.

component	value \$m
government spending	6
exports	8
investment	9
imports	7
saving	10
tax	5

What can be concluded about the economy from the information shown?

- A It has a budget surplus.
- B It has a trade deficit.
- C It is a mixed, open economy.
- D Its circular flow is in equilibrium.