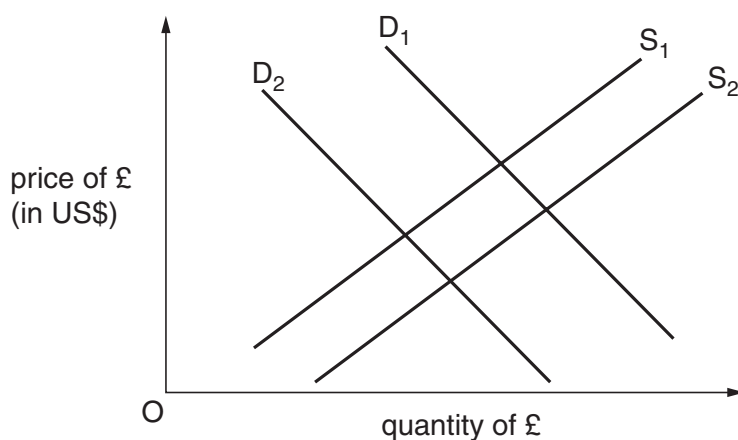


- 24 The table shows information about a country whose consumers spend their income on three commodities, *P*, *Q* and *R*.

<i>commodity</i>	<i>index of prices in year 1</i>	<i>index of prices in year 2</i>	<i>consumers' expenditure in year 1</i>
P	100	160	\$100 million
Q	100	80	\$300 million
R	100	100	\$100 million

Between year 1 and year 2 how has the general level of prices changed?

- A It has risen by 40%.
 - B It has risen by 10%.
 - C It has remained the same.
 - D It has fallen by 5%.
- 25 In the diagram D_1 and S_1 are the initial demand and supply curves of the UK pound (£) on the foreign exchange markets.



What will cause the demand curve to shift to D_2 and the supply curve to S_2 ?

- A an appreciation of the pound
- B an increase in the price level in the US
- C an increase in incomes in the US
- D a decrease in UK interest rates