

LIMPOPO MATHS AND SCIENCE ACADEMY

LIMSA

GRADE 12

ECONOMICS

INTERNATIONAL TRADE

23-27 MARCH 2020

WEEKLY WORKSHEET

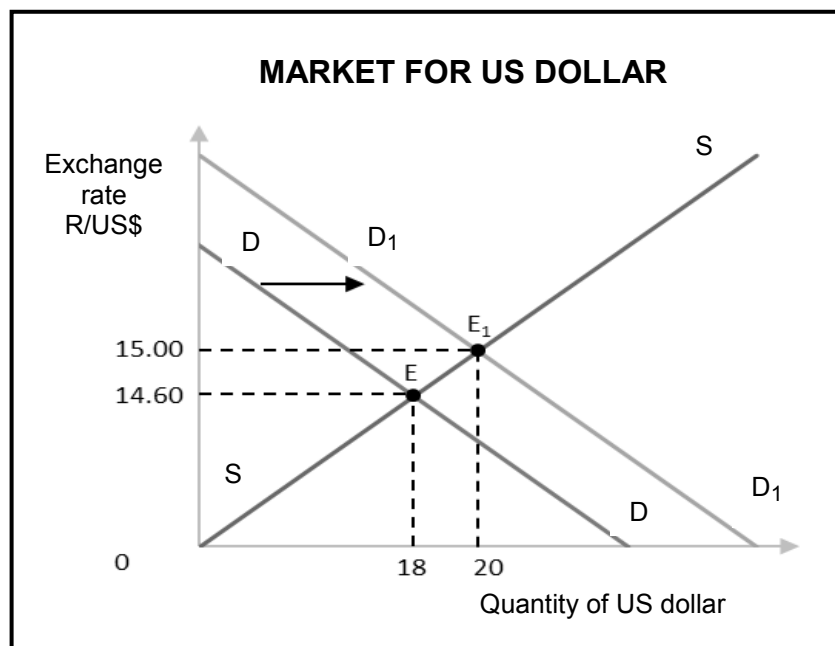
QUESTION 1

1.1 Answer the following questions.

1.1.1 Give TWO Demand reasons for international trade. (2 x 1) (2)

1.1.2 How will a decrease in export prices affect our country's terms of trade? (1 x 2) (2)

1.2 Study the graph below and answer the questions that follow.



1.2.1 What market is depicted in the graph above? (1)

1.2.2 What effect does the shift in the demand curve have on the price of dollars? (1)

1.2.3 Briefly describe the term *exchange rate*. (2)

1.2.4 What will the effect of the new price for dollars be on export trade between South Africa and the United States? (2)

1.2.5 Explain how an increase in the number of US tourists to South Africa will influence the value of the rand. (2 x 2) (4)

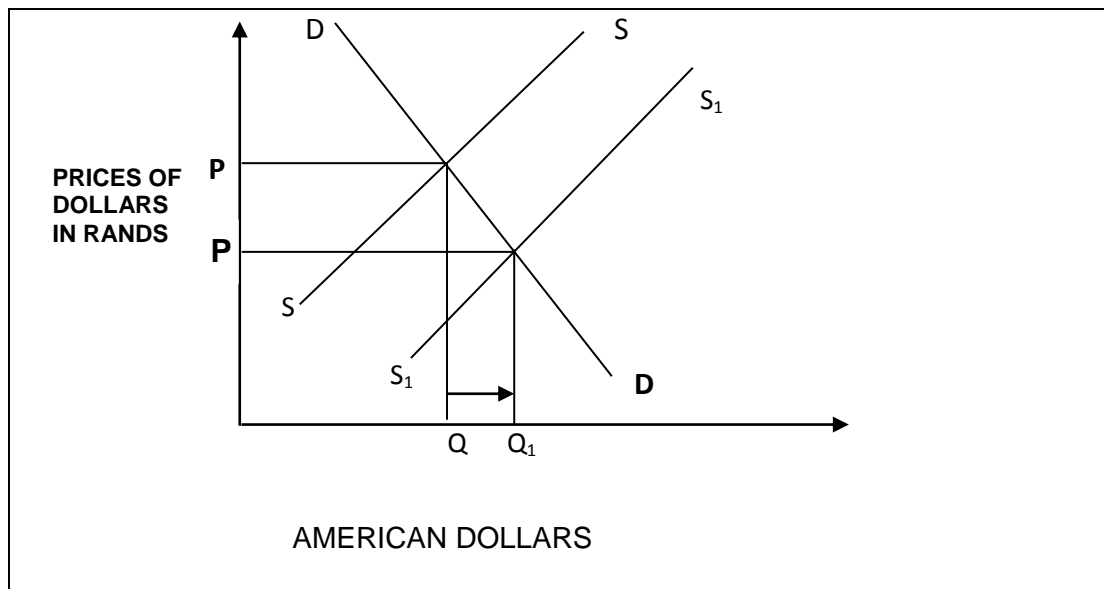
1.3 If Mr Tosa, a teacher at LiMSA wants to go to USA for vacation for a week and the cost of vacation is \$15000, calculate how much will the vacation cost in ZAR. (4)

QUESTION 2

4.1 Name any TWO objectives of the public sector. (2 x 2) (4)

4.2 **DATA RESPONSE**

Study the graph below and answer the questions that follow.



4.2.1 Name the exchange rate system determined by the demand and supply. (2)

4.2.2 What has happened to the supply of the American dollar? [10] (2)

4.2.3 Give TWO reasons for the occurrence in QUESTION 4.2.2. (2 x 2) (4)

4.2.4 How can the South African Reserve Bank intervene to stabilise the exchange rate around a particular rate? (2)

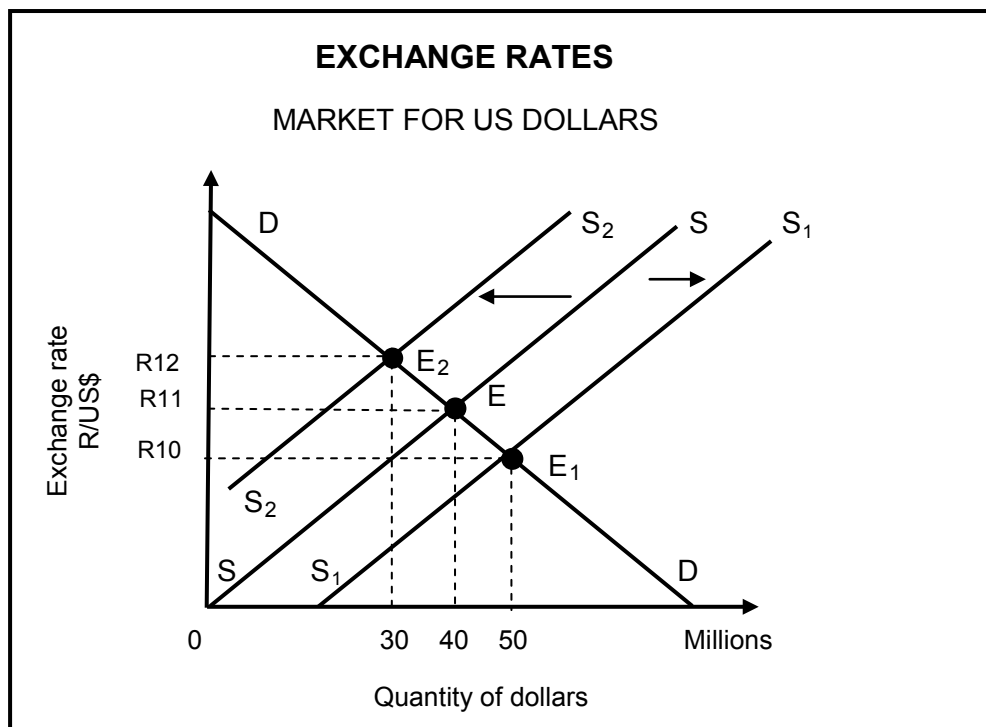
QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

4.1 Answer the following questions.

4.1.1 Name TWO items in the financial account of the balance of payments. (2 x 1) (2)

4.1.2 What effect does inflation have on the poor? (1 x 2) (2)

4.2 Study the graph below and answer the questions that follow.



4.2.1 Which supply curve indicates a decrease in the supply of dollars? (1)

4.2.2 What type of exchange rate system is currently used in South Africa? (1)

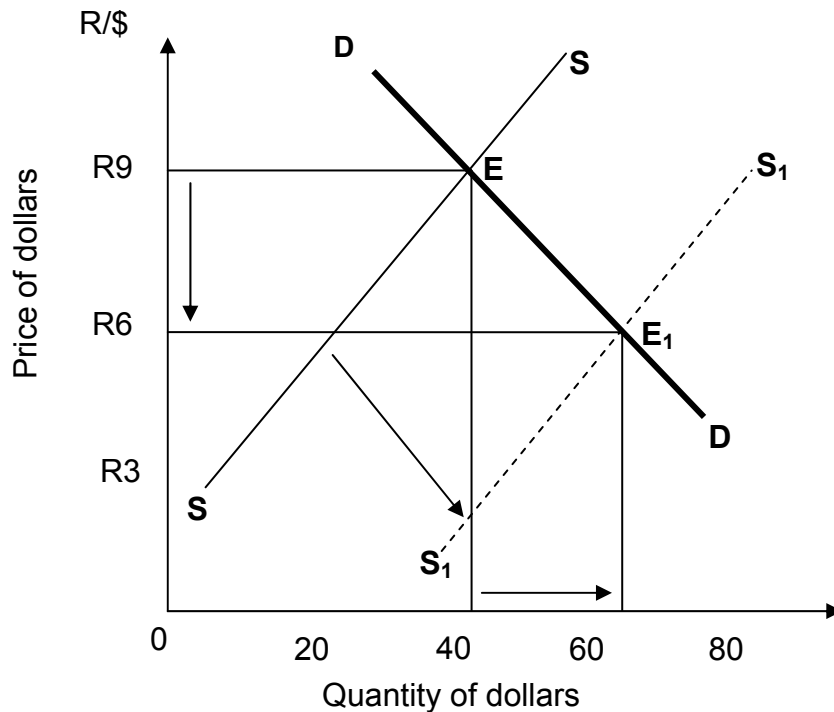
4.2.3 Explain the term *exchange rate*. (2)

4.2.4 State ONE factor that could have led to an increase in the supply of dollars. (2)

4.2.5 Use the above graph to explain the effect of the increase in the supply of US dollars on the R/US\$ exchange rate. (2 x 2) (4)

2.3 DATA RESPONSE

Study the following graph and answer the questions that follow.



- 2.3.1 Define the term 'exchange rate'. (2)
- 2.3.2 What happens to South African rand, when the supply of US dollar increases? (2)
- 2.3.3 Mention the TWO kinds of interventions applied by the monetary authorities under fixed exchange rates. (4)
- 2.3.4 Name the monetary authority that influences the exchange rate by changing the supply of foreign exchange available. (2)

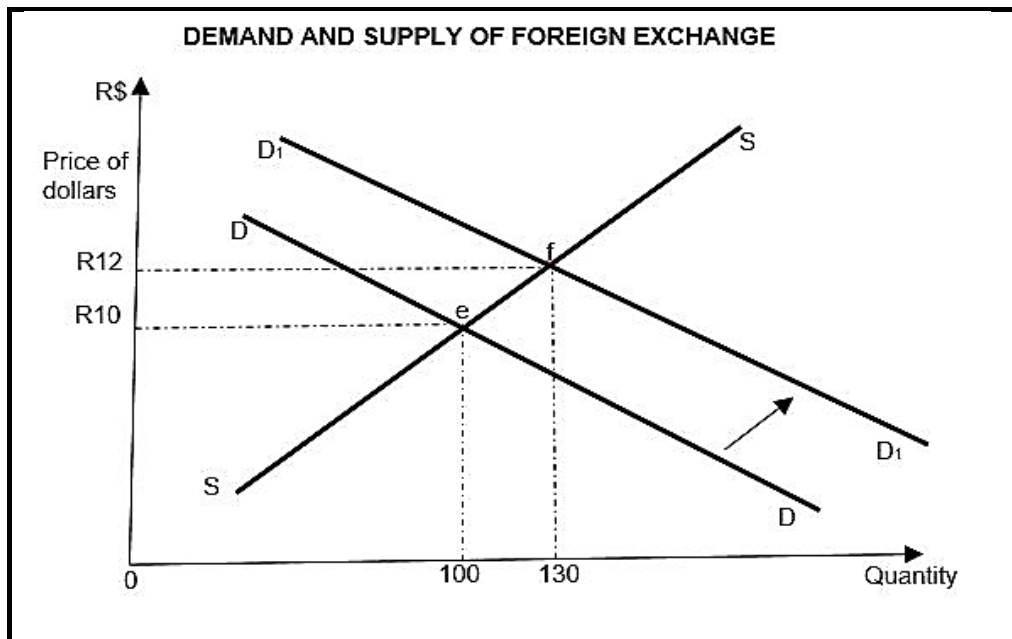
QUESTION 3:

3.1 Answer the following questions.

3.1.1 Give TWO methods to promote exports. (2 x 1) (2)

3.1.2 What effect will an increase in investment have on the economy? (1 x 2) (2)

3.2 Study the graph below and answer the questions that follow.

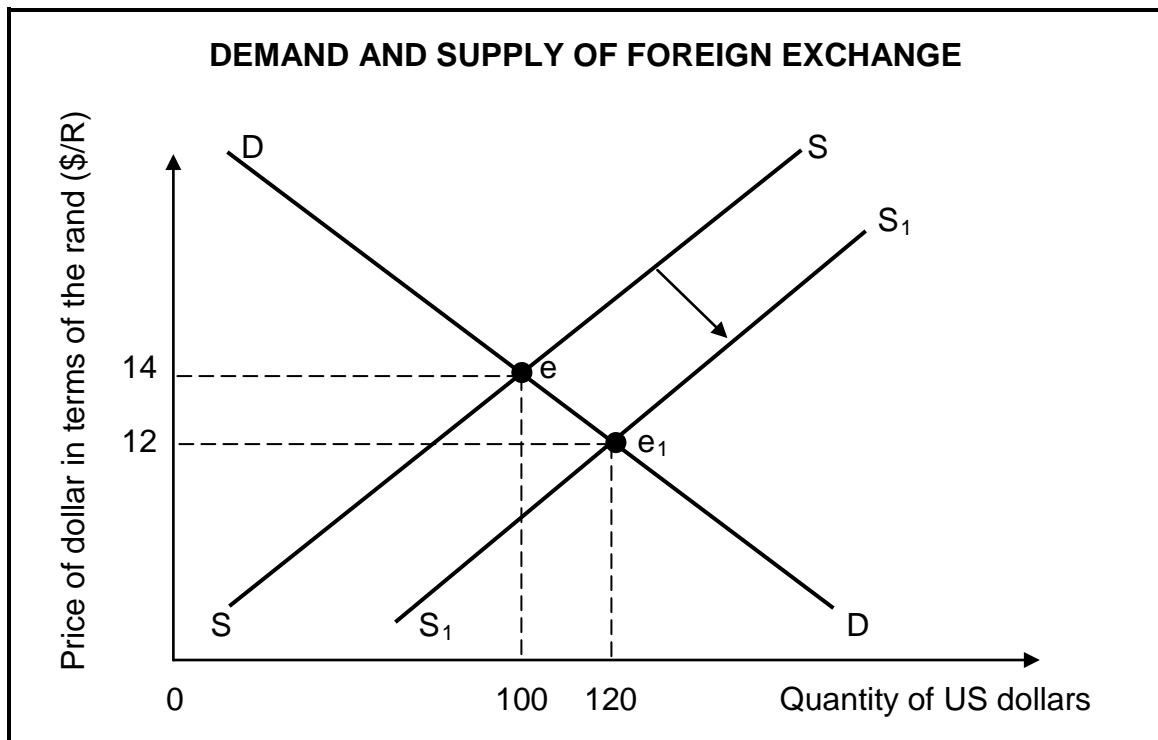


3.2.1 At what point on the graph does equilibrium for exchange originally occur? (2)

3.2.2 Give TWO reasons for the shift of the demand curve from DD to D1D1. (4)

3.2.3 What happens to the value of the rand, when DD shifts to D1D1? Motivate your answer. (4)

2.4 Study the graph below and answer the questions that follow.

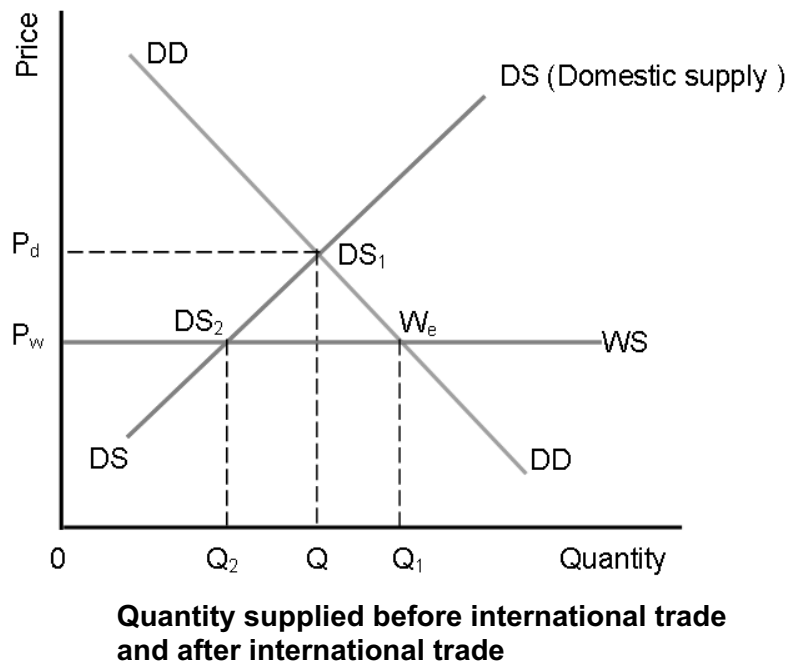


[Source: *Economics for All*, 2007]

- 2.4.1 Identify the original point of equilibrium. (2)
- 2.4.2 What happens to the quantity of dollars when the supply curve shifts from SS to S₁S₁? Give a possible reason for this shift. (4)
- 2.4.3 What happens to the value of the rand in terms of the US dollar when SS shifts to S₁S₁? Motivate your answer. (4)

2.5 Explain how the gross domestic product (GDP) at market prices is derived by using the expenditure method – GDP(E). (4 x 2) (8)

3.3 Study the graph below and answer the questions that follow.



- 3.3.1 Define the term “*international trade*”. (2)
- 3.3.2 Identify the price that was charged for the product above before trade. (2)
- 3.3.3 Explain why the world supply curve (WS) is horizontal. (2)
- 3.3.4 Explain the impact of opening up of international trade on prices and quantities. (4)
- 3.4 Compare and contrast the expansion period and the contraction period of a business cycle. (8)
- 3.5 Advise the Minister of Finance on how he can use tariffs to reduce unnecessary imports. (8)
- [40]**

TOTAL SECTION B: 80