**webnote 325**

**Section 3.2 Exchange Rates: Past Exam Questions**

**+ Big Ideas/Key Questions**

**HL3**

**SL2 + HL2**

M14/3/ECONO/SP2/ENG/TZ0/XX

(Question 1)

(c) Using an exchange rate diagram, explain how Japanese authorities might

intervene in the currency market as a result of their concern about the value

of the Japanese yen (paragraph ). [4 marks]

(d) Using information from the text/data and your knowledge of economics,

discuss the possible consequences of the appreciation of the Japanese yen

(paragraph ). [8 marks]

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(Question 2)

(a) (i) Define the term currency appreciation indicated in bold in the text

(paragraph ). [2 marks]

(b) Using a demand and supply diagram, explain the impact of the “recent currency

appreciation” on Australia’s domestic car market (paragraph ). [4 marks]

**BiG Ideas in 3.2 and Key Questions**

1. **Why are exchange rates important for a national economy?**

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