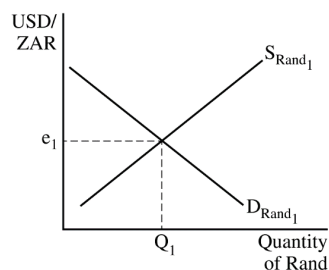
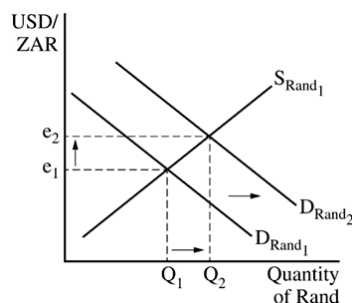


Question 2: Short**5 points**

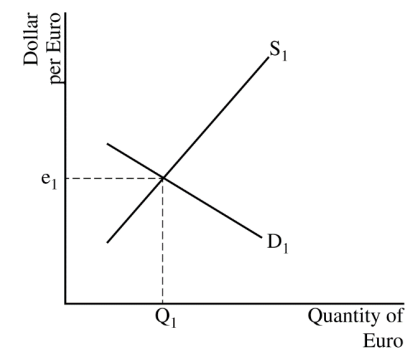
- (a) State that United States net exports will decrease and explain that the demand for goods from South Africa will increase, which increases United States imports. **1 point**
- (b) (i) State that the capital and financial account balance in the United States will move into surplus. **1 point**
- (ii) State that actual unemployment in South Africa will decrease in the short run and explain that South African exports will increase, which will increase aggregate demand and real GDP in South Africa. **1 point**
- Total for part (b) 2 points**
- (c) Draw a correctly labeled graph of the foreign exchange market for the rand. **1 point**



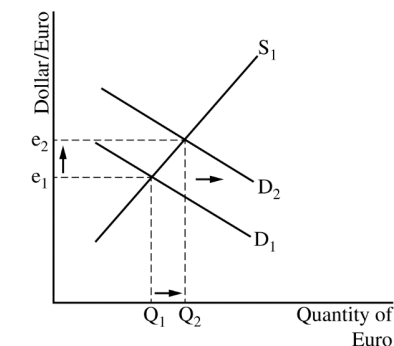
For the second point, the graph must show a rightward shift in the demand curve for the rand, resulting in an appreciation of the rand. **1 point**

**Total for part (c) 2 points****Total for question 2 5 points****Question 2****5 points (1 + 2 + 2)****(a) 1 point**

- One point is earned for stating that the U.S. current account will be in deficit and for explaining that an increase in the U.S. real GDP increases the U.S.'s demand for European goods and services, which increases imports.

(b) 2 points

- One point is earned for drawing a correctly labeled graph of the foreign exchange market for the euro.



- One point is earned for shifting the demand curve for the euro to the right and showing an increase in the value of the euro relative to the U.S. dollar.

2019 SCORING GUIDELINES**Question 2 (continued)****(c) 2 points**

- One point is earned for stating that the demand for the dollar will decrease and for explaining that capital flows from the European Union to the U.S. will decrease.
- One point is earned for stating that the dollar will depreciate.