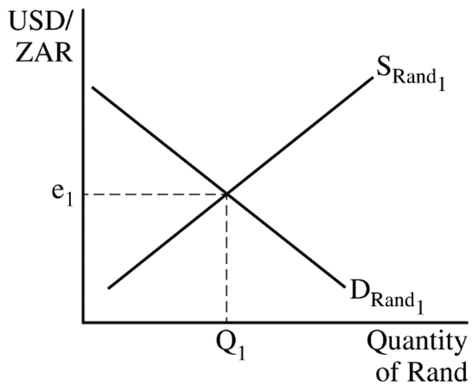
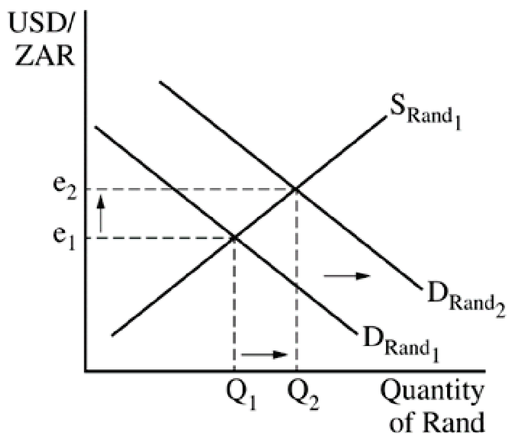
Question 2: Short — 5 points

(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**