

**Year 12 Economics**

Unit 3 2019

Assessment 3 – Extended Response (20 marks)

Weighting: 10%

**Time Allocated:**

Reading (no writing): 2 minutes

Writing: 45 minutes

NB: Reading time is allocated to enable you to choose the right question for you under similar conditions to the final ATAR examinations.

**Student Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Answer **one** of the following questions.

**Question 1 (20 marks)**

In 2018, the TWI declined from about 94 at the start of the year to 91 at the end.

1. Explain and demonstrate three (3) factors that could have caused this change in the TWI. (8 marks)
2. Describe the impact of this change on different sectors in the economy and on the macroeconomy. (12 marks)

**Question 2 (20 marks)**

Between January 2018 and January 2019, the Australian dollar has fallen from $0.78US to $0.71US and Australia has recorded a Balance of Trade Surplus.

1. Explain and demonstrate three factors which could have led to this change in the exchange rate. (8 marks)
2. Explain the relationship between the Balance of Payments and the movement in the exchange rate. (12 marks)