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Write in the box the number of the question you are answering on this page as it is designated in the exam.

2A,

a) i) current account

ii) current account

b) an increase in US real income would

negatively affect the current account balance;

an increase of real income would increase imports

which would lessen net exports, a component of the

current account

(the current account balance would decrease -

decrease surplus / ~~increase~~ ^{or} increase

deficit ~~is~~ depending on the balance

prior to the increase in real income)

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2A₂

