

Section III — Answer either Question 25 or Question 26

2013 HSC - Economics
Band 2/3
Sample 1 Question 25

2	5
---	---

Write the question number in the space provided

Question Number

Movements in the Australian dollar can affect the performance of the Australian economy by increasing or decreasing the levels of profit ~~and~~ in different sectors. The given quote is correct in saying that the high Australian dollar has created some winners and losers through majorly moderating the resources boom.

A high AUD will see growth in markets requiring importation such as retail due to the reduced cost to Australian Consumers via reduced costs to importing services and retail business in purchasing the goods. Conversely a low AUD will see growth in the export markets due to the reduced cost of Australian goods to foreign businesses. This also can be seen in the retail sector where imported goods cost more to the business and consumer which in turn slows the industries growth rate.

Movement in the AUD can be influenced by external factors such as the global

financial Crisis where complications in many large economies caused a large recession in many countries. The Graph given ~~dis~~ displays this Crisis as the large, sharp drop following the Dec 2007 mark where the Value of the AUD fell to circa 68¢ per USD which is ~~an~~ made more significant than the graph displays as the USD at the time was estimated to ~~have~~ have fallen in value by a large amount of around 30%. ~~The~~

2013 HSC - Economics
Band 2/3
Sample 1 Question 25

Movement in the AUD saw the resource boom ensure a safety net with China as the ~~main~~ most common trader which carried the nation through the ~~2008~~ Crisis as seen with the upturn through 2009 in the given graph. ~~As~~ With the high AUD at present, being almost on par to the USD, the Australian economy is ensured stable performance with solid share values and strong, stable economic growth.

The Value of the AUD is directly involved with the performance of the Australian Economy and as such movements in the value of the AUD will ensure increasing and decreasing growth rates in the different sectors of the current two speed ~~economy~~ ~~the~~ economy in Australia.