

Question 23 (10 marks)

2013 HSC - Economics
Band 3/4
Sample 2 Question 23

- (b) Explain how the level of national savings can influence the size of the current account.

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The level of national savings affect the amount of consumer spending which affect imports being consumed. An increased level of savings reduces the amount of imports being consumed.

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Question 23 (continued)

- (c) What are the positive and negative implications of a current account deficit for the Australian economy?

The CAD ~~is~~ provides an indication of more ~~exports~~ imports than exports. ~~This is of~~ ~~itself~~ ~~is~~ Additionally, indicating a relatively high value for Australian dollar (AUD).

End of Question 23