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Level: Edexcel IGCSE Economics (4EC1)
Subject: Economics
Topic: IGCSE Economics
Type: Topic Question

Economics Edexcel IGCSE
To be used for all exam preparation for 2025+

ECONOMICS IGCSE

Key skills

Question 1:

What is a likely effect of a depreciation in a country's currency on its exports?

A. Exports become more expensive for foreign buyers.

B. Exports become cheaper for foreign buyers.

C. Exports decrease due to higher domestic prices.

D. Exports remain unchanged regardless of currency depreciation.

[1 mark]

Question 2:

If the exchange rate of the British pound increases relative to the US dollar, what is the most likely impact on British imports from the US?

A. British imports from the US become more expensive.

B. British imports from the US become cheaper.

C. British imports from the US remain unaffected.

D. The volume of British imports from the US decreases.

[1 mark]

Question 3:

A country experiences a balance of payments surplus. Which of the following is a likely cause?

A. High import prices due to currency appreciation.

B. Increased foreign investment in the country.

C. A rise in domestic interest rates leading to currency depreciation.

D. Lower demand for the country's exports.

[1 mark]

Question 4:

How does a strong currency typically affect a country's tourism industry?

A. It makes the country more attractive to foreign tourists.

B. It decreases the number of foreign tourists.

C. It has no impact on tourism.

D. It increases domestic tourism.

[1 mark]

Question 5:

Which of the following is an example of a factor that could lead to currency appreciation?

A. Increased inflation rates.

B. Higher interest rates relative to other countries.

C. Increased government debt.

D. Political instability.

[1 mark]

Question 6:

What is the primary effect of a country's currency appreciating on its trade balance?

A. The trade balance improves due to higher exports.

B. The trade balance worsens due to higher import costs.

C. The trade balance improves due to lower imports.

D. The trade balance remains unchanged.

[1 mark]

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Question 7:

In a floating exchange rate system, what typically determines the value of a currency?

A. Government regulation and intervention.

B. Supply and demand in the foreign exchange market.

C. The inflation rate of the country.

D. Fixed exchange rate policies.

[1 mark]

Question 8:

Which of the following would likely result in a currency depreciation?

A. An increase in the country’s foreign exchange reserves.

B. A rise in the country’s interest rates.

C. A decrease in domestic economic output.

D. A reduction in foreign investment inflows.

[1 mark]

Question 9:

How does an appreciation of a currency affect the competitiveness of a country’s goods and services abroad?

A. It increases competitiveness.

B. It decreases competitiveness.

C. It has no effect on competitiveness.

D. It makes domestic goods and services cheaper for foreign buyers.

[1 mark]

Question 10:

What is the likely impact of currency depreciation on a country's inflation rate?

A. Inflation decreases due to lower import prices.

B. Inflation increases due to higher import prices.

C. Inflation remains unchanged.

D. Inflation decreases due to reduced domestic spending.

[1 mark]
