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| **STRENGTHS**   1. ECONOMICALLY ‘DEVELOPED’ – LARGE ECONOMY 2. LOW UNEMPLOYMENT 3. STABLE PRICES 4. LARGE FDI 5. BORROWING COSTS LOW FOR UK GOVERNMENT 6. LARGE LEVELS OF IMMIGRATION 7. STRONG TERTIARY INDUSTRY   **INSTRUCTIONS (PLEASE DELETE WHEN YOU SUBMIT):**  The idea is to do a SWOT analysis of the UK – this is where you identify the key Strengths, Weaknesses, Opportunities and Threats of the UK economy.  I have given you a bunch of ideas to get you going in terms of research and putting ideas together and I would like you to name three key points in each quadrant (SWOT) in order of importance according to you. It might be combining some of the ideas I have given you here – so for Strengths you could have a key strength as ‘Positive Business Environment’ with then reference to strength 1, 4, 7 and 8 combined under that one point?  Each point should then have some explanation, data, stats that relate to it and you need to investigate all areas to be able to combine them and rank them in order.   1. POLITICAL STABILITY | **WEAKNESSES**   1. PRODUCTIVITY PUZZLE: 2. CURRENT ACCOUNT DEFICIT 3. HIGH PERCENTAGE OF NATIONAL DEBT AS A % OF GDP: 4. EMPLOYMENT OFTEN INSECURE (FLEXIBLE LABOUR MARKET): 5. RISING INEQUALITY (INCOME AND WEALTH): 6. LACK OF DOMESTIC INVESTMENT 7. OVER-RELIANCE ON CONSUMER DEMAND (TOO MUCH CONSUMER DEBT?) 8. LOW INTEREST RATES (INEFFECTIVE MONETARY POLICY) 9. UNAFFORDABLE HOUSING 10. LOW WAGE GROWTH |
| **OPPORTUNITIES**   1. BREXIT 2. FALLING POUND STERLING 3. MORE FDI 4. RAPID TECHNOLOGICAL CHANGE (ROBOTS AND AI) | **THREATS**  **THE UK ECONOMY**   1. BREXIT AND FALLING POUND STERLING 2. COVID-19 SITUATION 3. TERRORISM / GLOBAL INSTABILITY (RUSSIA?) 4. SECOND FINANCIAL CRISIS |

RECAPPING: The Effects of Exchange Rates on the UK Macroeconomic Performance

Please use your current knowledge of the UK Economy to help either support or evaluate your arguments

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| The UK Pound |  | Effect on Economic Growth? | Effect on Price Levels? | Effect on Unemployment? | Effect on Balance of Payments (Current Account)? |
| Appreciating exchange rate or stronger currency | Argument (explain why you think the exchange rate change could impact on the specific macroeconomic indicator – be prepared to use AD/AS and any other analysis to support your point). |  |  |  |  |
| Evaluate the argument (why might this not happen or why might the effect be less?) |  |  |  |  |
| Depreciating exchange rate OR weaker currency | Argument (explain why you think the exchange rate change could impact on the specific macroeconomic indicator – be prepared to use AD/AS and any other analysis to support your point). |  |  |  |  |
| Evaluate the argument (why might this not happen or why might the effect be less?) |  |  |  |  |