**Topic 5.3 The Impact of Changing Exchange Rates: Starter Activity**



1. What is an interest rate? Who is responsible for setting interest rates in the UK?

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1. What is the difference between FIXED and VARIABLE interest rates?

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1. Why do small businesses use overdrafts?

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1. How does an increase in the interest rate affect consumer spending?

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1. How does a decrease in the interest rate affect consumer spending?

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