

- 28** Between June and the end of July 2016, the UK pound sterling depreciated by 11% against a basket of currencies of the UK's major trading partners.

The diagram shows the original aggregate demand curve  $AD_1$  and the original aggregate supply curve  $AS_1$  for the UK economy before June 2016. The equilibrium is at X.

What would have been the new equilibrium for the UK economy as a result of the depreciation of the pound sterling?

