



Economics assessment activity – Answer sheet

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Total marks available 23

Question 1 (Q1) 1 mark

B – 13%

Question 2 (Q2) 1 mark

B - The extra time that consumers spend looking for the best price.

Question 3 (Q3) 3 marks

A02

- An improvement on the current account. (1)
- A weaker value of the Vietnamese Dong will lead to a rise in export sales. (1)
- Vietnam's economy will benefit from a larger trade surplus. (1)
- An improvement in the trade surplus will contribute to a rise in Vietnam's economic growth. (1)
- The weaker Vietnamese Dong will lead to fall in the price of exports, resulting in an increase in demand for goods/services. (1)

Question 4 (Q4) 9 marks

A02 and A03

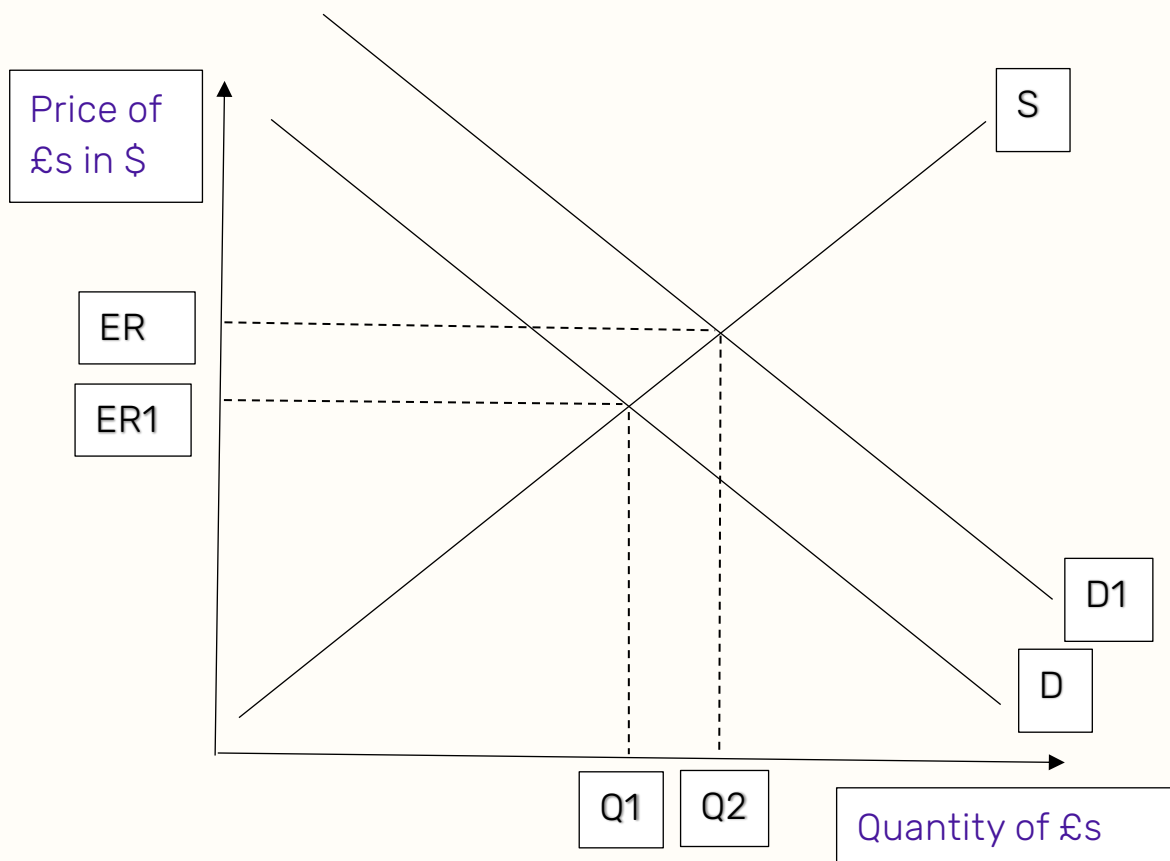
- Inflation is the sustained rise in general price level over a period of time.
- A rise in inflation makes goods and services too expensive and they cannot afford as much.
- There is a fall in the standard of living.

- The data shows that CPI has increased from 32.9% to 33.6%, which reduces the purchasing power of consumers, as wages do not rise in line with inflation.
- Shoe leather costs may rise as consumers have to spend time looking for the best deals.
- High inflation would lead to a fall in consumer confidence, reducing the demand for goods and services. This will lead to firms making less money, potentially leading to unemployment.
- Investment is likely to fall as firms lose confidence.

A04

- Inflation may not be a problem if wages grow in line with inflation.
- Demand – pull inflation could be the result of a growth in the economy. This could lead to a fall in unemployment.
- It is always healthy to have a little bit of inflation in an economy.
- There are disadvantages of inflation becoming too low – deflation.
- Inflation may only be short term and could fall in the future.

Question 5 (Q5) 3 marks



Question 6 (Q6) 6 marks

A02 and A03

- An appreciation of the Kuwaiti Dinar will lead to the worsening of the current account (1). A stronger value of the Kuwaiti Dinar will lead to rise in price of exports, reducing sales (1), resulting in a larger trade deficit for Kuwait's economy (1).
- There will be a fall in economic growth for Kuwait's economy (1). The price of exports will rise because of the stronger Dinar (1). This will lead to a decrease in demand for goods and services (1).

