

Economics assessment activity – Student worksheet

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Total marks available: 23

Question 1 - 1 mark

The price of a basket of goods and services used to calculate the Consumer Price Index (CPI) in an economy rose from \$1150 to \$1300 in one year.

What is the rate of inflation?

- A - 12%
- B - 13%
- C - 7%
- D - 5%

Question 2 - 1 mark

Which one of the following describes shoe leather costs?

- A - A rise in the price due to an increase in the costs of production.
- B - The extra time that consumers spend looking for the best price.
- C - The cost of reprinting menus and labels due to a rise in price level.
- D - The cost of communication for firms.

Question 3 – 3 marks

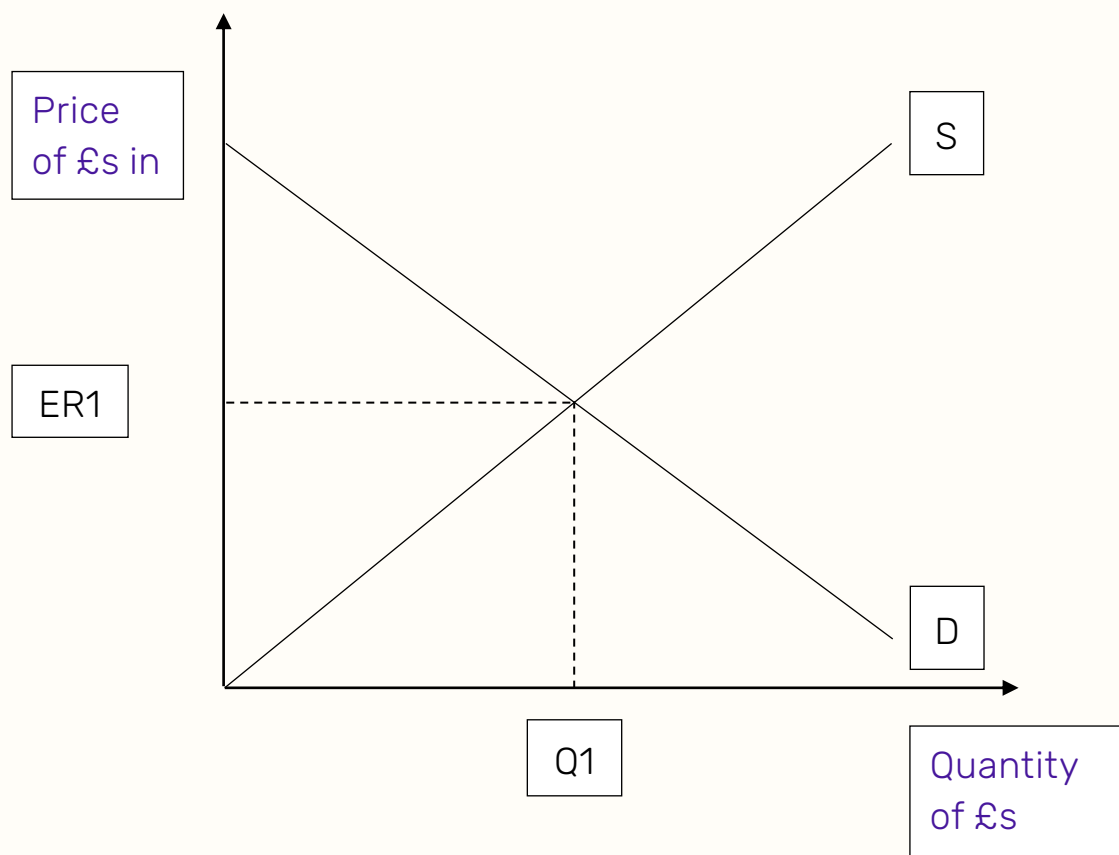
In October 2022, the currency of Vietnam, the Vietnamese Dong, fell to its lowest level against the US Dollar. Explain one advantage of having a depreciating currency for an economy such as Vietnam.

Question 4 – 9 marks

In January 2023, Ethiopia's Consumer Price Index (CPI) increased from 32.9% to 33.6%. With reference to the above, and your knowledge, assess the possible impact of high inflation on consumers in a country such as Ethiopia.

Question 5 - 3 marks

The UK exports goods to the USA. Using a demand and supply diagram, draw the effects of an increase in exports from the UK to the USA on the exchange rate of the £. Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.



Question 6 – 6 marks

In December 2016, the Kuwaiti Dinar became the world's strongest currency. Since then, the Kuwaiti Dinar has continued to appreciate. Analyse two disadvantages of an appreciating currency for an economy such as Kuwait.

