

91222M



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

2

SUPERVISOR'S USE ONLY

Ohaoha, Kaupae 2, 2014

91222M Te tātari i te pikinga utu mā te whakamahi i ngā ariā me ngā tauira ohaoha

2.00 i te ahiahi Rāapa 12 Whiringa-ā-rangi 2014
Whiwhinga: Whā

Paetae	Kaiaka	Kairangi
Te tātari i te pikinga utu mā te whakamahi i ngā ariā me ngā tauira ohaoha.	Te tātari hōhonu i te pikinga utu mā te whakamahi i ngā ariā me ngā tauira ohaoha.	Te tātari matawhānui i te pikinga utu mā te whakamahi i ngā ariā me ngā tauira ohaoha.

Tirohia mehemea e ōrite ana te Tau Ākonga ā-Motu (NSN) kei tō pepa whakauru ki te tau kei runga ake nei.

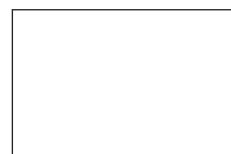
Me whakautu e koe ngā pātai KATOA kei roto i te pukapuka nei.

Ki te hiahia koe ki ētahi atu wāhi hei tuhituhi whakautu, whakamahia ngā whārangi kei muri i te pukapuka nei.

Tirohia mehemea kei roto nei ngā whārangi 2–21 e raupapa tika ana, ā, kāore hoki he whārangi wātea.

HOATU TE PUKAPUKA NEI KI TE KAIWHAKAHAERE HEI TE MUTUNGA O TE WHAKAMĀTAUTAU.

TAPEKE



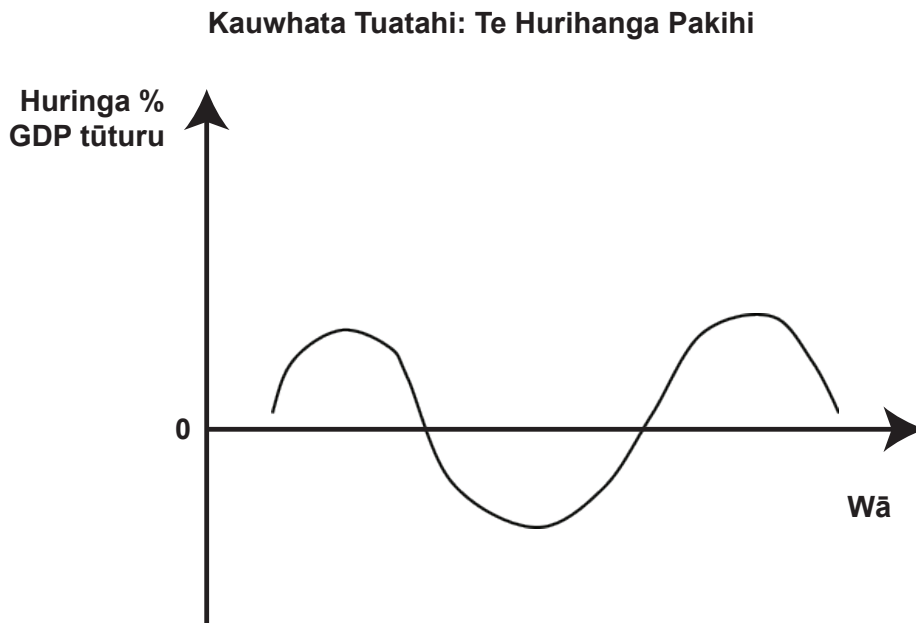
MĀ TE KAIMĀKA ANAKE

PĀTAI TUATAHI: TE HURIHANGA PAKIHI ME TE PIKINGA UTU

E ai ki te Rangahau Hunga Mahi ā-Whare, i piki ngā tatau o te hunga whai mahi mai i te 2 208 100 ki te 2 261 800 i waenga i te marama o Mahuru 2012 me te Mahuru 2013, ā, e tohu ana tēnei i te whakahauora ōhanga o te hurihanga pakihi i Aotearoa mō tēnei wā.

Mātāpuna tauanga: <http://www.stats.govt.nz/infoshare>

- (a) Ki te Kauwhata Tuatahi i raro, āta tapaina tētahi taura o te whakahauora ōhanga. Tapaina tēnei pūwāhi ko **X**.



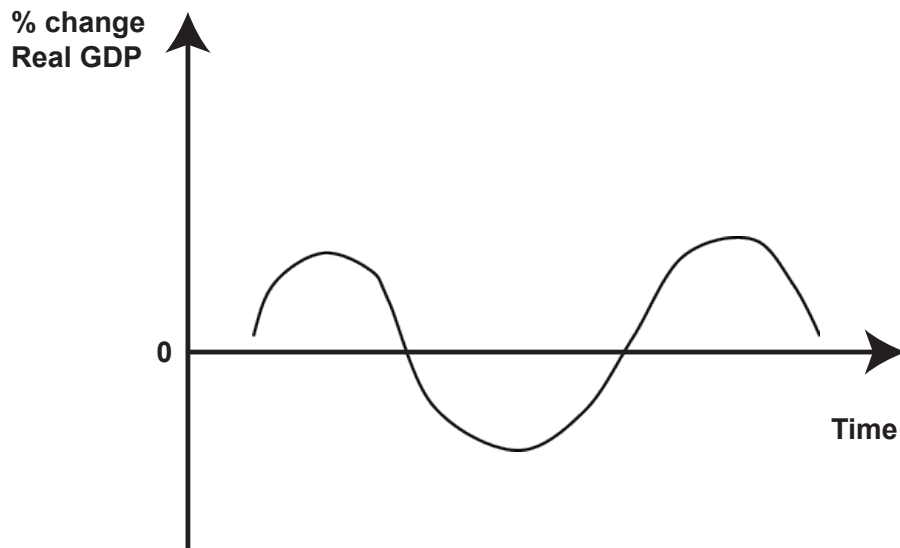
QUESTION ONE: THE BUSINESS CYCLE AND INFLATION

According to the Household Labour Force Survey, employment increased from 2 208 100 to 2 261 800 between September 2012 and September 2013, which indicates New Zealand was in the recovery stage of the business cycle for this time period.

Source of statistics: <http://www.stats.govt.nz/infoshare>

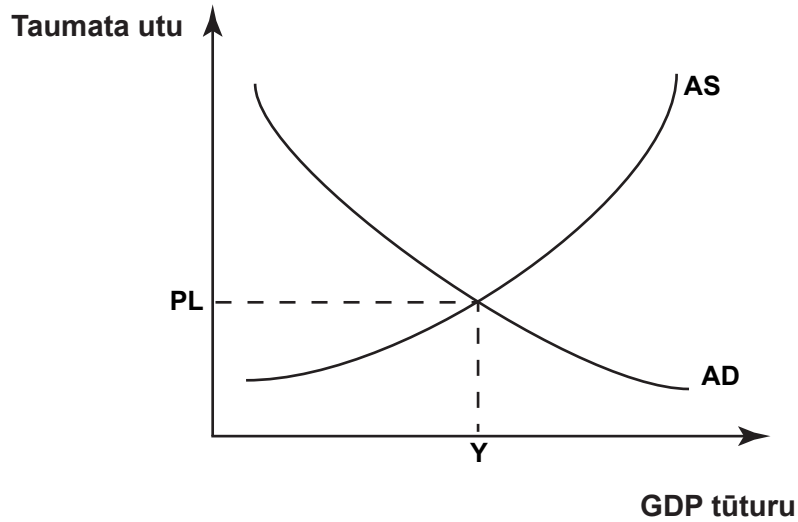
- (a) On Graph One below, clearly label an example of a recovery. Label this point **X**.

Graph One: The Business Cycle



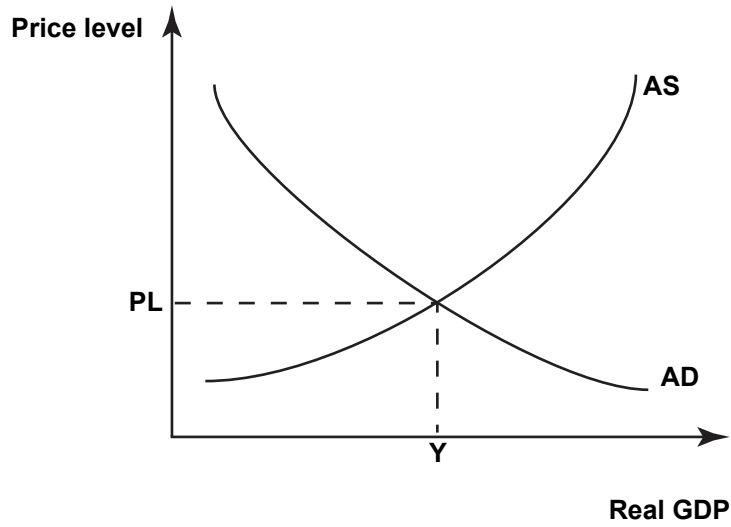
- (b) Whakamahia te Kauwhata Tuarua i raro hei tātari hōhonu i ngā pānga o te wāhanga whakahauora ōhanga o te hurihanga pakihi ki te pikinga utu. Ki tō whakautu:
- whakaaturia te pānga o te pikinga o te hunga whai mahi ki te ānau AS, AD hoki/rānei
 - whakamāramahia taipitopitotia te pānga o te pikinga o te hunga whai mahi ki te pikinga utu.

Kauwhata Tuarua: Te taura AS/AD mō te ōhanga o Aotearoa



- (b) Use Graph Two below to analyse in depth the effects of the recovery stage of the business cycle on inflation. In your answer:
- show the effect of increasing employment on the AS and/or AD curve
 - explain in detail how increasing employment would affect inflation.

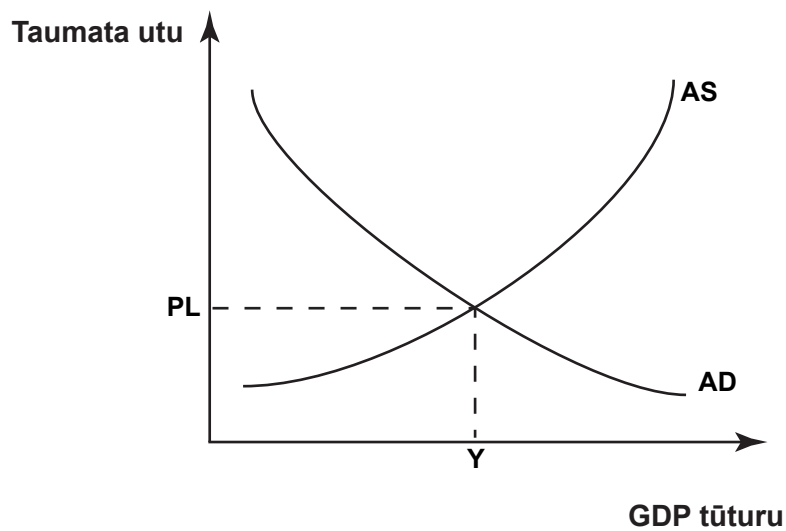
Graph Two: AS/AD model of the New Zealand economy



Ina uru te ōhanga ki te wāhanga tiputere o te hurihanga pakihi, he tino teitei te piki o ngā putanga me te whakawhiwhi mahi, ā, tērā pea ka poto ngā rawa, i te mea kei te eke haere te ōhanga ki tōna kaha nui rawa e tāea ana.

- (c) Whakatauritea te pānga ki te pikinga utu o te wāhanga whakahauora ōhanga o te hurihanga pakihi ki te pānga o te wāhanga tiputere o te hurihanga pakihi. Ki tō whakautu:
- whakamahia te Kauwhata Tuatoru i raro hei whakaatu i ngā pānga o te tiputere ki te ānau AS, AD hoki/rānei
 - whakamāramahia taipitopitotia he pēhea te pānga o te tiputere ki te pikinga utu
 - whakamāramahia taipitopitotia mēnā ko te whakahauora ōhanga, te tiputere rānei te pānga nui ake ki te pikinga utu
 - me kōrero mō te Kauwhata Tuarua me te Tuatoru i tō whakautu.

Kauwhata Tuatoru: Te tauira AS/AD mō te ōhanga o Aotearoa

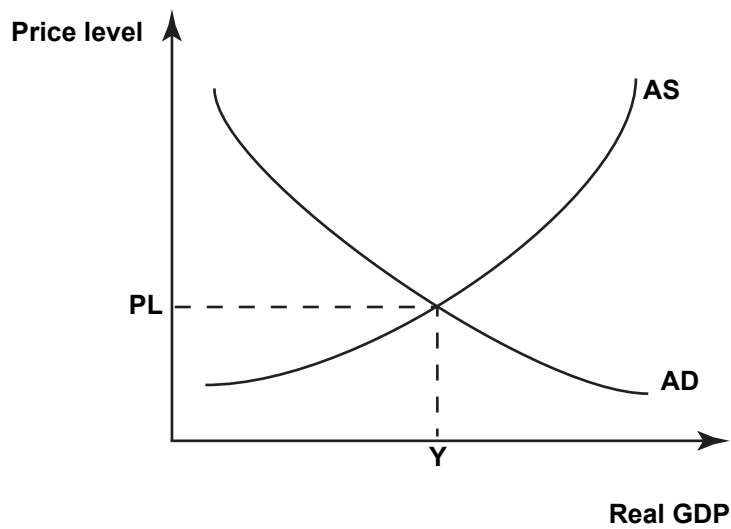


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When the economy enters the boom stage of the business cycle, output and employment are increasing at high rates and shortages of resources may occur, as the economy is approaching full capacity.

- (c) Compare and contrast the impact on inflation of the recovery stage of the business cycle with the impact of the boom stage of the business cycle. In your answer:
- use Graph Three below to show the effects of a boom on the AS and/or AD curve
 - explain in detail how a boom would affect inflation
 - explain in detail whether a recovery or a boom would have the greater impact on inflation
 - refer to Graphs Two and Three in your answer.

Graph Three: AS/AD model of the New Zealand economy



PĀTAI TUARUA: NGĀ PĀNGA O TE HEKENGĀ UTU

I heke te ōrau ā-tau o te pikinga o te taupū utu kaihoko (CPI) o Aotearoa mai i te 5.3% ki te 0.7% i waenga i te wāhanga hauwhā o Poutū-te-rangi i te tau 2011 me te wāhanga hauwhā o Poutū-te-rangi i te tau 2013.

Mātāpuna: RBNZ

- (a) Whakamāramahia taipitopitotia he aha i noho ai ko te huringa ki te taupū utu kaihoko (CPI) i kitea i ngā kōrero o runga ake hei tauira o te hekenga utu (disinflation) kua hei tauira o te hekenga moni whiwhi ā-motu (deflation). Kōrerohia ngā raraunga o runga ake i tō whakautu.

- (b) Whakatauritea te pānga o te hekenga utu ki ngā rōpū rerekē o te iwi whānui o Aotearoa, pēnei i ngā kāinga, ngā kaiwhakaputa, ngā kaitono pūtea, ngā kaipenapena, ngā kaihoko ki tāwāhi me ngā kaiwhakaururawa mai ki uta.

Ki tō whakautu:

- tautohua ētahi rōpū e RUA o te iwi whānui o Aotearoa ka whai hua ake i te hekenga utu
- whakamāramahia taipitopitotia he aha i pai ake ai pea ēnei rōpū e rua
- tautohua ētahi rōpū e RUA i Aotearoa ka hē kē atu pea i te hekenga utu
- whakamāramahia taipitopitotia he aha i hē kē atu ai pea ēnei rōpū e rua.

QUESTION TWO: EFFECTS OF DISINFLATION

New Zealand's annual percentage increase in the CPI declined from 5.3% to 0.7% between the March quarter in 2011 and the March quarter in 2013.

Source: RBNZ

- (a) Explain in detail why the change in the CPI identified in the stimulus above is an example of disinflation rather than an example of deflation. Refer to data from the resource material in your answer.

- (b) Compare and contrast the impact of disinflation on various groups in New Zealand society, such as households, producers, borrowers, savers, exporters, and importers.

In your answer:

- identify TWO groups in New Zealand society who could be better off because of disinflation
- explain in detail why these groups could be better off
- identify TWO groups in New Zealand who could be worse off because of disinflation
- explain in detail why these two groups could be worse off.

PĀTAI TUATORU: NGĀ TŪMANAKOHANGA PIKINGA UTU ME TE HEKENGA WĀRIU

Ko ngā huringa ki ngā tūmanakohanga pikinga utu me te wāriu o te tāra o Aotearoa ngā āhuatanga e rua e whai pānga nui ana ki te pikinga utu.

(a) Whakamahia te Quantity Theory of Money hei whakamārama taipitopito he pēhea te pānga ki te pikinga utu o te piki haere o ngā tūmanakohanga mō te pikinga utu. Ki tō whakautu:

- whakamāramahia taipitopitotia te pānga ki te tere o te hurihuri haere o te moni me te taumata utu whānui nā te piki haere o ngā tūmanakohanga pikinga utu
- kōrerohia ngā taurangi katoa i roto i te Quantity Theory of Money.

(b) Whakatauritea te pānga ki te pikinga utu o te piki haere o ngā tūmanakohanga pikinga utu me te pānga o tētahi hekenga wāriu o te tāra o Aotearoa. Ki tō whakautu:

- whakamahia te Kauwhata Tuawhā i te whārangi 16 hei whakaatu i ngā pānga o te piki haere o ngā tūmanakohanga pikinga utu ki te pikinga utu
- whakamahia te Kauwhata Tuarima i te whārangi 16 hei whakaatu i te pānga o te hekenga wāriu o te tāra o Aotearoa ki te pikinga utu
- whakamāramahia taipitopitotia he pēhea te pānga o te hekenga wāriu o te tāra o Aotearoa ki te pikinga utu
- whakamāramahia taipitopitotia te take he nui ake te pānga o te hekenga wāriu o te tāra o Aotearoa ki te pikinga utu tēnā i te piki haere o ngā tūmanakohanga pikinga utu
- kōrerohia te Kauwhata Tuawhā me te Tuarima i tō whakautu.

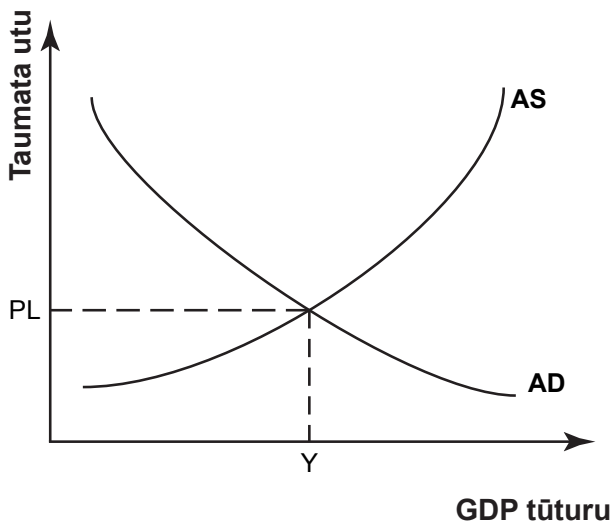
QUESTION THREE: INFLATIONARY EXPECTATIONS AND DEPRECIATION

Changes in inflationary expectations and the value of the New Zealand dollar are two factors that can significantly affect inflation.

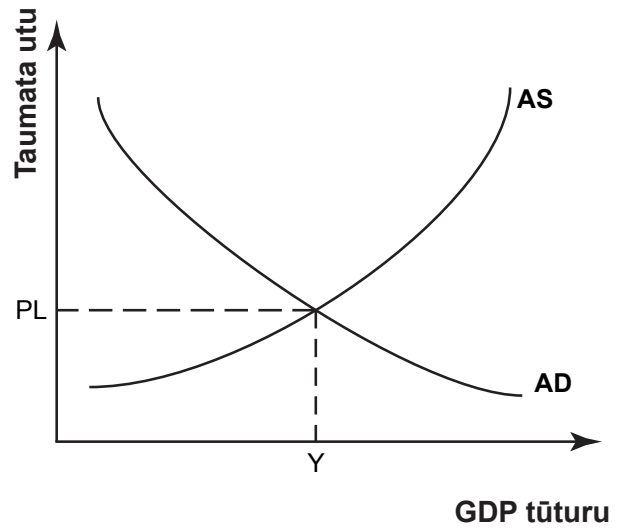
- (a) Use the Quantity Theory of Money to explain in detail how increasing inflationary expectations could affect inflation. In your answer:
- explain in detail how increasing inflationary expectations would affect the velocity of circulation and the general price level
 - refer to all the variables in the Quantity Theory of Money.

- (b) Compare and contrast the impact on inflation of increasing inflationary expectations with the impact of a depreciation of the New Zealand dollar. In your answer:
- use Graph Four on page 17 to show the effects of increasing inflationary expectations on inflation
 - use Graph Five on page 17 to show the effects of a depreciation of the New Zealand dollar on inflation
 - explain in detail how a depreciation of the New Zealand dollar would affect inflation
 - explain in detail why a depreciation of the New Zealand dollar would have a greater impact on inflation than increasing inflationary expectations
 - refer to Graphs Four and Five in your answer.

Kauwhata Tuawhā: Te ōhanga o Aotearoa me te piki haere o ngā tūmanakohanga pikinga utu



Kauwhata Tuarima: Te ōhanga o Aotearoa me te hekenga wāriu o te tāra o Aotearoa

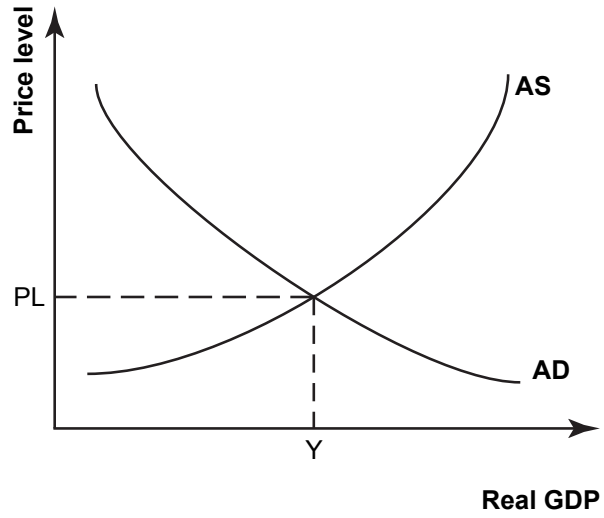
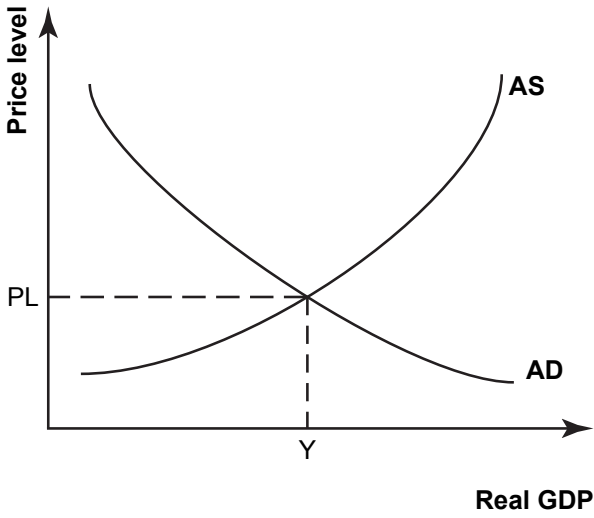


E haere tonu ana te Pātai Tuatoru i te whārangi 18.

Graph Four: The New Zealand economy with increasing inflationary expectations

Graph Five: The New Zealand economy with depreciation of the New Zealand dollar

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**Question Three continues
on page 19.**

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English translation of the wording on the front cover

Level 2 Economics, 2014

91222 Analyse inflation using economic concepts and models

2.00 pm Wednesday 12 November 2014
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Analyse inflation using economic concepts and models.	Analyse inflation in depth using economic concepts and models.	Analyse inflation comprehensively using economic concepts and models.

91222M

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of ALL questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–21 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.