

Assessment Report

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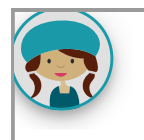
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Part A: Commentary

Accurate graph work and referring to the changes shown on the models continues to be an important component of success in these achievement standards. Candidates should be actively looking to incorporate the economic models into their explanations.

Strong candidates covered all parts of the question in their responses. Some candidates did not refer to one or more parts of the question and therefore were unable to access Merit or Excellence grades. Repeating the question and / or resource material without adding an explanation is insufficient for demonstrating achievement.

Part B: Report on standards



91222: Analyse inflation using economic concepts and models

Examinations

The examination included three questions, candidates were expected to answer all questions. The main themes covered were the causes of inflation using the AD / AS model, the impact of inflation and deflation on different groups, and an understanding of the quantity theory of money.

The examination required candidates to use the resource material provided to demonstrate their understanding of the causes and effects of inflation, using economic models.

Observations

Reference to the AD / AS model when explaining the causes of inflation is vital to achieving at a Merit and Excellence level.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- demonstrated understanding of the causes of inflation through use of the AD / AS model
- explained how the CPI is calculated
- explained the concept of deflation and the link to lower consumer spending and business confidence
- stated the components of the quantity theory of money
- explained the link between a recession and the velocity of circulation.

Candidates whose work was assessed as **Not Achieved** commonly:

- left questions (or parts of questions) blank
- used economic models incorrectly
- had a weak understanding of the concepts of inflation and deflation
- did not explain how the CPI is calculated
- did not show understanding of the quantity theory of money.

Candidates who were awarded **Achievement with Merit** commonly:

- used the labels on the economic models accurately in their explanations
- explained causes of inflation using an AD / AS model using the concept of profit margins and/or the components of AD
- explained how deflation affected consumer spending and therefore business confidence
- explained how falling velocity of circulation affects inflation when the money supply is increasing.

Candidates who were awarded **Achievement with Excellence** commonly:

- added detail to their answers to explain why changes would occur to economic models, specifically, when context or examples were contained in the resource material
- used the concept of real interest rates when explaining effect of deflation on savers
- explained how deflation affected consumer spending and therefore business confidence, integrating the idea of planning into their answers
- explained how both falling velocity of circulation and real output affect inflation, using the quantity theory of money.

91223: Analyse international trade using economic concepts and models

Examinations

The examination included three questions, and candidates were expected to answer all three. The main themes covered were the two country and price taker models of international trade, and factors that impact on New Zealand's Current Account balance.

The examination required candidates to demonstrate their understanding of international trade, using economic concepts and models.

Observations

Accuracy in completing graph work is important, particularly in the two-country model where many candidates would benefit from using a ruler to ensure that the quantity of exports equals the quantity of imports on the model. All changes made on the trade models should be referred to as part of the explanation of the changes.

The current account is made up of both exports and imports and candidates should give equal time to both in their explanations.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed parts of the graph work correctly
- stated the changes that would occur, for example exports will increase to X1
- could explain why New Zealand has advantages in dairy production
- gave a reason why New Zealand is a price taker
- explained why export receipts or import payments would change due to free trade agreements or exchange rate changes.

Candidates whose work was assessed as **Not Achieved** commonly:

- did not attempt graph work or completed the graphs incorrectly
- did not refer to the changes made on the graphs
- could not explain why New Zealand is a price taker in the apple market
- did not distinguish between changes in revenue and profits
- argued incorrectly that depreciation would lead to exports becoming more expensive for overseas buyers.

Candidates who were awarded **Achievement with Merit** commonly:

- completed most graphs accurately and referred to them in their answers
- used the resource material to fully explain their answers
- explained why continued increases in Chinese supply could lead to New Zealand no longer exporting to China
- explained why New Zealand is a price taker, with accurate reference to the resource material

- identified a specific example of changes in resource allocation in the agricultural industries
- explained why export receipts and import payments would change due to free trade agreements or exchange rate changes.

Candidates who were awarded **Achievement with Excellence** commonly:

- completed all graphs accurately
 - produced extended answers that referred to the graphs and resource material
 - covered all parts of the question
 - identified two specific examples of changes in resource allocation in the agricultural industries, noting the scarcity of resources
 - explained why continued increase in Chinese supply could lead to New Zealand no longer exporting to China, with reference to the model and resource material
 - explained the effect of both free trade agreements and depreciation on the long run current account situation, referencing the long-term nature of a free trade agreement.
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91224: Analyse economic growth using economic concepts and models

Examinations

The examination included three questions, and candidates were expected to answer all three. The main themes covered were the causes of growth using the AD / AS model, the impact of growth using the circular flow model, and the impact on the government and workers of positive and negative output gaps.

The examination required candidates to demonstrate their understanding of economic growth, using economic concepts and models

Observations

The resource material is used to guide and prompt student answers. Re-writing the material without expanding on it does not provide evidence of achievement.

When investment is used as part of the circular flow model, candidates are required to explain the macro-economic impacts of this investment on industries and / or the economy, rather than the risk and reward trade-off in order to generate profits.

Many candidates wrote explanations from the viewpoint that higher wages will be an automatic consequence from an increase in producer revenue, profits, or export receipts. An increase in wages should be justified, for example an increase in output, or an increase in demand in that labour market.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- attempted most of the questions
- knew the components of Aggregate Demand and factors that shift the Aggregate Supply curve
- identified injections into the circular flow and their impact
- defined nominal and real GDP
- explained the impact of lower growth on government income or expenditure.

Candidates whose work was assessed as **Not Achieved** commonly:

- did not attempt one or more of the questions
- wrote statements rather than explanations
- repeated the resource material directly, without using it as part of an explanation
- did not know the components of aggregate demand or aggregate supply curve.

Candidates who were awarded **Achievement with Merit** commonly:

- attempted all three questions
- clearly identified what components of the question they were writing about in their detailed explanations

- defined and used appropriate Level 2 Economic terminology
- wrote fully explained answers about government revenue and expenditure
- wrote fully explained answers about positive and negative impacts on workers.
- justified their answer using economic theory or resource material as to why a particular explanation was a positive or negative.

Candidates who were awarded **Achievement with Excellence** commonly:

- fully explained their answers based on relevant economic theory and referenced to either the resource material or model indicated in question for both groups
- incorporated real world examples not directly indicated from the provided resource material within detailed explanations or conclusions
- fully explained their answers about the government operating balance and workers during positive or negative output gaps.

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Previous years' reports

[2020 \(PDF, 341KB\)](#)

[2019 \(PDF, 131KB\)](#)

[2018 \(PDF, 103KB\)](#)

[2017 \(PDF, 50KB\)](#)