

# 2022 NCEA Assessment Report



Mana Tohu Mātauranga o Aotearoa  
New Zealand Qualifications Authority

**Subject:** Economics

**Level:** 2

**Standards:** 91222, 91223, 91224

## Part A: Commentary

Making correct changes to the economic models remains crucial to success in these achievement standards, as most questions require an explanation of these changes to demonstrate understanding of the achievement criteria.

The resource material given is to provide candidates with a context to analyse the economic issues. Rewriting the resource material is insufficient to demonstrate the requirements. Candidates who score Merit and Excellence grades typically combine correct annotations to the economic models, an explanation that uses the context given, and specific reference to the models.

## Part B: Report on standards

### 91222: Analyse inflation using economic concepts and models

#### Examination

The examination included three questions: candidates were expected to answer all questions. The themes covered were the causes of inflation using the aggregate demand / aggregate supply model (AD / AS model), and the impacts of inflation on the government, firms, and consumers.

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

#### Observations

An understanding of the causes and effects of the contemporary inflationary environment in New Zealand was beneficial to candidates.

The examination placed relatively more emphasis on the effects of inflation. Candidates generally provided weaker responses to the effects of inflation on the government section of the paper.

## Grade awarding

Candidates who were awarded **Achievement** commonly:

- demonstrated inflation by shifting the AD curve right and / or the AS curve left
- explained an event that would increase AD and / or explained an event that would decrease AS
- defined inflation correctly
- linked higher interest rates with lower inflation
- explained the impact of inflation on the purchasing power of consumers
- explained the impact of inflation on savers or borrowers.

Candidates who were awarded **Not Achieved** commonly:

- shifted the AD and AS curves incorrectly
- did not identify a reason for the shift in the AD or AS curves
- defined inflation incorrectly
- demonstrated a weak understanding of the effect of inflation on the purchasing power of workers
- stated that inflation benefitted savers and penalised borrowers.

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

- explained two events that would increase the AD curve, referring to the components of AD
- explained two events that would decrease the AS curve, referring to the impact on profit margins
- explained why the Consumers Price Index (CPI) is weighted by using an example to explain why some price increases are more important than others
- explained why inflation will increase income inequality
- calculated the impact of inflation on the change in real wages.

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

- compared and contrasted explanations to determine whether demand-pull or cost-push had a greater impact on inflation, referring to both graphs
  - explained the impact of inflation on government revenue and government expenditure
  - explained the impact of high inflation on borrowers and savers by referring to changes in real values
  - explained the impact of high inflation on firms by referring to profitability and planning unpredictability.
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## 91223: Analyse trade using economic concepts and models

### Examination

The examination included three questions, and candidates were expected to answer all questions. The themes covered were the price taker and two country models of international trade, and the effects of a free trade agreement.

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

### Observations

The two country and price taker models are a consistent feature in this examination and most candidates who were used the models correctly provided explanations that met the achievement criteria.

Stronger candidates incorporated the economic models into their explanation, with specific reference to the changes made.

### Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed the price taker or two country model correctly
- stated the changes made on the economic models
- used correct economic terminology
- identified New Zealand's main import markets
- showed the impact of higher exports on the exchange rate model.

Candidates who were awarded **Not Achieved** commonly:

- did not attempt questions, or parts of questions
- showed incorrect movements on the price taker and two country models
- did not refer to the changes made on the graphs
- demonstrated limited understanding of the current account
- did not link changes in exports to a change in the exchange rate.

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

- completed models with accurate labels
- referred to the models in explanations
- used the resource material to fully explain their answers
- distinguished between exports and export receipts
- explained why trade between New Zealand and the United Kingdom was able to benefit both economies.

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

- completed all three economic models correctly
  - integrated the changes on the models into detailed explanations
  - compared and contrasted the impact of importing goods on New Zealand producers and consumers
  - referred to short term and long-term effects of an exchange rate change.
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## **91224: Analyse growth using economic concepts and models**

### **Examination**

The examination included three questions, and candidates were expected to answer all three. The themes covered were the causes of growth using the AD / AS model, the effects of changing resource allocation on growth, and the impact of growth using the circular flow model.

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

### **Observations**

Some candidates rewrote the stimulus material without any extension or application to the question. Candidates who achieved at the higher levels often used contemporary ideas and issues not immediately obvious in the stimulus material to support the direction and magnitude of the impacts discussed in their explanations.

Production and productivity have different meanings and cannot be used interchangeably.

### **Grade awarding**

Candidates who were awarded **Achievement** commonly:

- demonstrated knowledge of the components of aggregate demand and factors that shift the aggregate supply curve
- defined the key economic terms used in their responses correctly
- used the stimuli material to support their explanations
- illustrated opportunity cost on the production possibility frontier (PPF) model
- referred to specific sectors on the circular flow diagram when explaining how growth will increase.

Candidates who were awarded **Not Achieved** commonly:

- did not attempt some questions
- rewrote the stimuli material without adding any explanation relevant to the question
- misunderstood the purpose of the PPF model
- did not demonstrate knowledge of the components of aggregate demand or aggregate supply curve.

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

- defined and used appropriate Level 2 Economic terminology
- made specific reference to the economic models as part of the explanation
- explained why increasing output in one industry leads to an opportunity cost
- explained how new housing and manufacturing impacts government revenue or expenditure.

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

- explained their answers based on relevant economic theory and referenced either the resource material or model indicated
- incorporated real world examples not directly indicated from the provided resource material in detailed explanations or conclusions
- explained the short-term and long-term impact of changing resource allocation on growth
- compared and contrasted the impact of new housing and manufacturing on government revenue and expenditure.