

2024 NCEA Assessment Report

Subject	Economics
Level:	2
Achievement standard(s):	91222, 91223, 91224

General commentary

Each of the three achievement standards requires candidates to demonstrate understanding using economic concepts and models. The assessments continue to test candidates' ability to make changes to and / or annotate the economic models. These changes should be referred to specifically, using the language of the economic model. Comments such as "as seen on the graph" do not provide sufficient evidence to achieve Merit or Excellence grades.

Most questions contained resource material to provide candidates with a context to analyse the specific economic issue, including its causes and effects. Repeating the resource material without adding any further explanation is insufficient to demonstrate Achievement.

Report on individual achievement standards

Achievement standard 91222: Analyse inflation using economic concepts and models

Assessment

The assessment included three questions: candidates were expected to answer all questions. The themes covered were the causes of inflation using the aggregate supply / aggregate demand model, the quantity theory of money, and the impacts of inflation on different groups in the New Zealand economy.

Commentary

The AS / AD and quantity theory of money models are a consistent feature of this assessment, and candidates who were familiar with these models generally did well. Candidates did less well on the effects of inflation on different groups question, particularly the impact on exporters and importers.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- demonstrated inflation by shifting the AD curve right and / or the AS curve left
- explained that increased consumption would increase AD and / or explained increased costs of production would decrease AS
- explained the effect of a decrease in the velocity of circulation on the price level
- defined inflation correctly
- explained why minimum wage earners or savers would prefer a lower inflation rate
- described the effect of high relative inflation in New Zealand on exporters and importers.

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

- explained the causes of inflation using the AD / AS model with the concept of profit margins and / or the components of AD
- used the quantity theory of money equation to explain that a decrease in velocity of circulation would decrease inflation by a proportional amount
- explained why minimum wage earners and savers would prefer lower inflation rates
- explained why importers benefit and exporters are worse off if New Zealand has relatively higher inflation rates.

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

- explained in detail why the increase in costs of production would be wider ranging and impact inflation more than the localised / one-off event, and referred to both graphs
- provided a thorough explanation of how both a decrease in the velocity of circulation and a decrease in real output affect inflation, including reference to proportional changes of the variables

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

- shifted the AD or AS curves incorrectly
 - did not refer to the AD or AS curves in their explanation
 - did not correctly identify the components of the quantity theory of money
 - did not describe why there is a decrease in velocity of circulation during a recession
 - suggested minimum-wage earners and / or savers prefer higher inflation rates
 - suggested exporters are better off and importers worse off as a result of high inflation rates in New Zealand
 - left parts of questions blank.
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Achievement standard 91223: Analyse international trade using economic concepts and models

Assessment

The assessment included three questions: candidates were expected to answer all questions. The themes covered were the price-taker and two country models of international trade, and the causes and effects of a change in the exchange rate.

Commentary

The price taker and two country models are a consistent feature in this assessment and candidates who correctly showed the changes to these models and explain relevant flow-on effects to different groups performed well.

Candidates who repeated the resource material or the wording of the question as an explanation did not provide sufficient evidence to meet the requirements of the standard.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed the two country or price taker model correctly
- stated the changes that would occur, for example exports decreasing from X to X₁
- explained an impact of the change in exports or imports on producers
- identified a country that New Zealand has a free trade agreement with
- showed the impact of higher exports on the exchange rate model.

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

- correctly completed the economic models
- referred to the model labels in the explanations
- explained the impact of the changes on producers and consumers
- explained the impact of increased export receipts on the current account
- explained how a change in exports would affect the exchange rate, using the economic model
- referred to the resource material in their answers.

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

- completed all economic models correctly, with accurate labelling
- integrated the changes on the economic models into detailed explanations
- compared and contrasted the impact of a lower world price for lamb on New Zealand consumers and producers
- compared and contrasted the impact of an exchange rate appreciation on two New Zealand businesses.

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
 - produced an explanation that contradicted what was shown on the models.
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Achievement standard 91224: Analyse economic growth using economic concepts and models

Assessment

The assessment included three questions: candidates were expected to answer all questions. The themes covered were the causes of economic growth using the aggregate demand / aggregate supply model, the impacts of economic growth using the circular flow model, and using the production possibility frontier (PPF) model to illustrate economic growth.

Commentary

Information provided as a resource is designed to assist candidates with a context for their answers. Restating this information is not sufficient to demonstrate understanding of the question.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- attempted all three questions and answered most parts
- used the resource material to support explanations
- correctly defined the key economic terms used in their answers
- demonstrated understanding of the components of aggregate demand
- distinguished between the flows and sectors in the circular flow model
- identified the impact of increased tourism on the government's revenue and expenditure or participants in the hospitality industry.

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

- answered all parts of all three questions
- made specific reference to the economic models as part of the explanation
- explained limitations of real GDP as a measure of growth
- understood the concept of opportunity cost and how to illustrate it on the PPF model
- explained how producing consumer and capital goods impacts the long-term growth potential of the economy.

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

- explained their answers based on relevant economic theory and made specific reference to the resource material and / or model indicated
- explained the impact of growth on two groups in enough depth to allow effects to be compared and contrasted
- clearly linked the impact of growth on the distribution of income by explaining whether it would become more or less equal
- compared and contrasted the trade-off of current consumption vs. capital goods and its impact on future potential capacity using the PPF model and the provided context of the cyclone's impact on infrastructure.

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

- did not answer one or more of the questions
- rewrote the resource material without adding any explanation relevant to the question
- wrote statements rather than explanations
- did not refer to the economic models in their explanation
- could not show the concept of opportunity cost on the PPF model.