2025 NCEA Assessment Report

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

General commentary

The examinations test the candidates' ability to use economic concepts and models to demonstrate understanding of the relevant economic issue. Making correct annotations to the model and using the language of the model as part of the explanation is foundational to demonstrating this understanding. Gaining a Merit or Excellence grade requires a comprehensive understanding of the causes and / or the effects of the economic issue, along with specific reference to the economic model.

Most questions continue to contain resource material to provide candidates with a context to analyse the specific economic issue. Candidates should use the examples and statements in the resource material as a prompt for demonstrating their understanding. Simply repeating the information contained in the resource material is not sufficient to demonstrate achievement.

Report on individual achievement standard(s)

Achievement standard 91222: Analyse inflation using economic concepts and models

Assessment

The examination 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 within the New Zealand economy.

Commentary

The AS / AD and quantity theory of money models are a consistent feature of this examination, and candidates who understood how these models are used to show the causes of inflation performed well. The candidate response on the impacts of inflation was improved compared with previous years, with good understanding of how inflation impacts different groups shown.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- showed a decrease in the price level by shifting the AD curve left and / or the AS curve right
- explained that decreased consumption would decrease AD and / or explained decreased costs of production would increase AS
- defined disinflation correctly
- explained the effect of an increase in the velocity of circulation on the price level
- described the calculation of the CPI in terms of a basket of goods and services
- explained how inflation impacted low and / or high income households.

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

- explained that the AD curve will decrease because consumption is a component of AD
- distinguished between disinflation and deflation, referring to the data in the question
- used the quantity theory of money equation to explain that an increase in velocity of circulation would increase inflation by a proportional amount
- explained why low income earners were more negatively impacted than high income earners.

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

- explained in detail which of the two events would have a greater impact on the price level, referring directly to the shifts of AD and AS and the price level.
- provided a thorough explanation as to how increases in the velocity of circulation leads to increases in real output affected inflation.

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

- shifted the AD or AS curves incorrectly
- did not give reasons for the shift in the AD or AS curves
- mixed up the concepts of disinflation and deflation
- did not link lower interest rates to increased spending
- could not describe how the CPI is calculated
- left parts of questions blank.

Achievement standard 91223: Analyse international trade using economic concepts and models

Assessment

The examination included three questions and candidates were expected to answer all of them. The main 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 two country and price taker models are a consistent feature in this examination, and candidates who were able to correctly show the changes to these models and explain relevant flow-on effects to different groups performed well.

Grade awarding

Candidates who were awarded **Achievement** commonly:

- completed the two country model correctly
- described the impact of lower prices on consumers
- showed the impact of an increase in supply on the price taker model
- described the impact of increased exports on growers and / or workers
- stated two of New Zealand's top trading partners
- showed a change in the exchange rate by correctly shifting the demand for and / or supply of New Zealand dollars.

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

- correctly completed the economic models
- referred to the model labels in the explanations
- used the graph to calculate the amount of export receipts
- explained the impact of increased export receipts on the current account
- explained the impact of changes in imports and exports on various groups
- explained the impact of a depreciation of the New Zealand dollar on New Zealand tourists.

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 higher kiwifruit exports on growers an workers
- compared and contrasted the impact of a depreciation of the New Zealand dollar on tourists and importers.

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
- provided information that was not relevant to the context of the question.

Achievement standard 91224: Analyse economic growth using economic concepts and models

Assessment

The examination included three questions and candidates were expected to answer all of them. The main themes covered were the causes and impacts of economic growth using the circular flow model, causes of economic growth using the aggregate demand / aggregate supply model, and using the PPF model to illustrate decreases in economic growth.

Commentary

Information provided as a resource is designed to assist candidates with a context for their answers. Restating this information without further explanation does not 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 stated the formula for aggregate demand
- were able to explain why flows in the circular flow model might increase or decrease
- identified the impact of increased production on the government’s revenue and expenditure
- understood the difference between a decrease in the utilisation of resources and a decrease in the productive capacity of the economy.

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 the impact of increased production on the circular flow model with specific reference to two or more flows
- understood the difference between GDP and net social welfare measures of economic growth
- made direct reference to the PPF models when explaining causes of a decrease in economic growth.

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

- explained in depth the impact of increased production on the government, referring to both increased revenue and decreased expenditure
- clearly explained the positive and negative effects of the sustainable aviation fuel industry on economic growth, with a reasoned judgement about which effect was larger
- understood and clearly explained that a decrease in productive capacity is worse for long-term economic growth than unemployment of resources.

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
- could not identify relevant flows on the circular flow diagram
- did not label economic models appropriately.