

1

Economics Exam 2024

When: *Tuesday 11th November 9.20am*

1. Know the *Syllabus in Units 3 & 4* – textbook theory and concepts account for around 80% of the paper
2. Be aware of *current economic conditions & events* – around 20% of the paper
3. Use *models* to support your explanations (both Sections 2 & 3)

2

What are the key models?



- **Unit 3**
 - *D/S model* to show the *gains from exports & imports*
 - *D/S model* to show the effects of *tariffs & subsidies*
 - *D/S model* to show changes in the *AUD exchange rate*
- **Unit 4**
 - *AE model* to explain the concepts of *macro equilibrium & the multiplier*
 - *AD/AS model* to show the *business cycle*
 - *AD/AS model* to show the effect of *monetary & fiscal policy*
 - **APF model* to show the effect of changes in *productivity*

3

New Exam Structure

Section 1 Multiple choice – 20 questions (20 marks)

Section 2 Data Interpretation – 4 questions (50 marks)

Unit 3 – answer 2 questions (25 marks)

Unit 4 – answer 2 questions (25 marks)

Section 3 Extended Answer – 2 questions (30 marks)

Unit 3 – answer 1 from choice of 2 questions (15 marks)

Unit 4 – answer 1 from choice of 2 questions (15 marks)

4

New Syllabus – Unit 3

Free trade & protection

- *arguments for protection*

Balance of payments

- the *double entry system* of recording transactions
- factors influencing the *trade balance* & the *income balance*
- the current account balance and the *savings/investment gap*

Terms of trade

- specific mention of *commodity prices*

Foreign investment

- Australia's *international investment position*

5

New Syllabus – Unit 4

The AD/AS model

- the *long-run aggregate supply (LRAS) curve*

Fiscal policy

- the *impact of government debt*

Monetary policy

- *conventional* and *unconventional* monetary policy

Labour productivity

- the importance of *long-run economic growth*
- the concept of *labour productivity*
- the *Aggregate Production Function (APF)*

6

Key Verbs in 2023 Exam

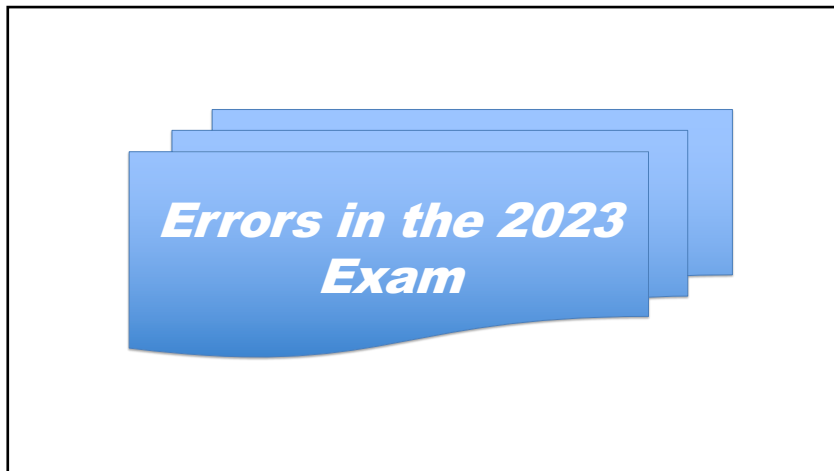
- Q25 *Calculate; Identify; Outline; Explain*
 Q26 *Identify; State; Outline; Explain (using a model)*
 Q27 *Identify; State; Outline and account for; Describe (using a model)*
 Q28a *Outline and Describe*
 Q28b *Demonstrate and Explain (using a model)*
 Q29a *Outline and Describe*
 Q29b *Demonstrate and Explain (using a model)*
 Q30a *Outline and Describe*
 Q30b *Analyse (using a model)*
 Q31a *Define and Explain*
 Q31b *Describe (using a model)*

7

Know the Key Verbs

Verb	Explanation	Marks
State/Define	Give the precise meaning of a concept including an example	
Describe/Outline	State the main characteristics or features of a concept or topic	
Explain	State the meaning & provide reasons for cause & effect; make the relationship between concepts clear	

8



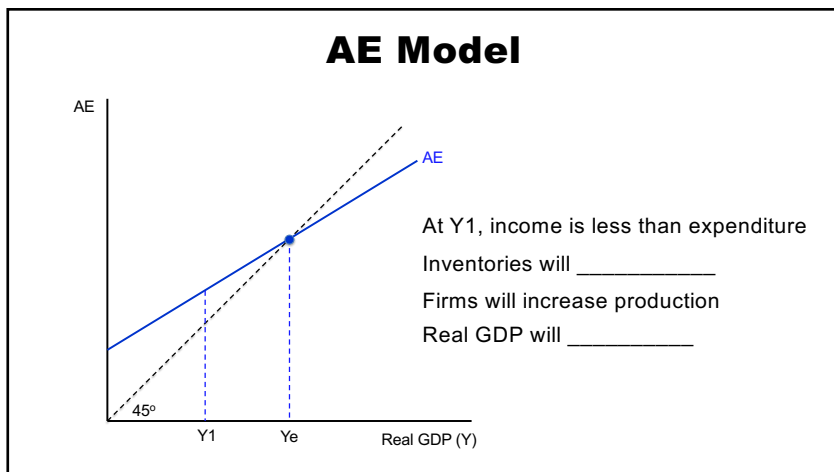
9

Section 1 *Very Low mean 25%*

15. According to the aggregate expenditure (AE) model, when the level of income is below equilibrium, then the inventory levels of firms are
- (a) rising, which causes production to decrease.
 - (b) falling, which causes production to decrease.
 - (c) rising, which causes production to increase.
 - (d) falling, which causes production to increase.



10



11

2023 Exam Section 2

Question 25 – the Terms of Trade

Year	Export price index (2011 = 100)	Import price index (2011 = 100)	Terms of trade index
2016	91.2	103.3	88.2
2017	91.1	103.5	88
2018	98.9	110.3	89.6
2019	111.5	113.2	98.4
2020	108.3	109.2	99.1
2021	138	112.1	123.1
2022	182.3	131.5	

12

2023 Exam Section 2

Question 25



(a) **Outline two** reasons for the trend in the terms of trade. (4 marks)
Mean = 40%

(b) **Explain two** impacts on Australia's economic activity of the change in the terms of trade index since 2018. (6 marks)
Mean = 46%

13

Section 3



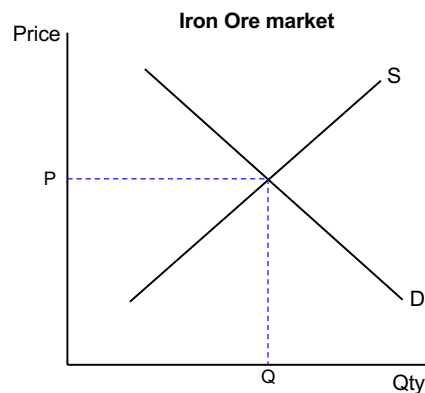
Unit 3 Question 29

(b) Using a demand and supply model, demonstrate and explain the impact of falling commodity prices on the value of the Australian dollar (AUD) and explain the impact of this change on Australian consumers. (10 marks) *Mean = 44%*

- A fall in commodity prices will _____ the \$A. Why?
- A fall in commodity prices _____ the value of Aust's commodity exports.
- Why do students get this wrong?

14

Commodity prices



What can cause commodity prices to fall?

15

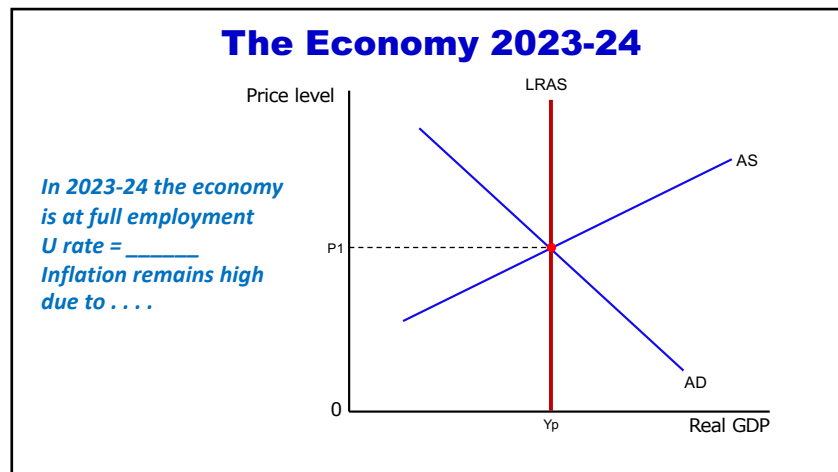
Success in the Exam

What key indicators should I know?

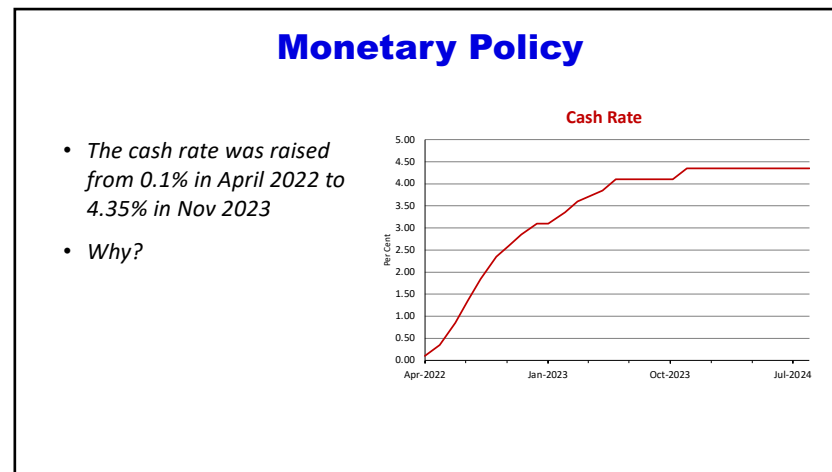


- *Real GDP growth rate*
- *Inflation rate*
- *Unemployment rate*
- *Exchange rate*
- *Cash rate*
- *Govt Budget*

16



17



18

Success in the Exam

- What is the simplest way to increase my result?

A cartoon bee character with a yellow body, blue wings, and a smiling face, giving a thumbs up.

19

Questions

A stack of several blue question cards with the word 'Questions' written on them in white.

20