education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 10

ECONOMICS P1

JUNE 2024

MARKS: 100

TIME: 1 ½ hours

This question paper consists of 9 pages.

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows in the ANSWER BOOK:

SECTION A:	COMPULSORY
SECTION B:	Answer any ONE of the two questions.
SECTION C:	Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number of the required number will NOT be marked.

3. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 2–3 lines between subsections of questions.

8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

9. Use only black or blue ink.

10. You may use a non-programmable pocket calculator.

11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 **20 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D

1.1.1 Which one of the following does NOT fall within the economics field of study?

A Scarce resource
B Choice
C What people should buy
D Opportunity cost

1.1.2 The term that best describes the fact that people have unlimited needs and wants, with limited resources to satisfy them is …

A the economic problem.
B abundance.
C factors of production.
D the branches of economics.

1.1.3 The basic problem faced by all nations is ...

A consumption.
B scarcity.
C distributions.
D production.

1.1.4 The primary participant in the circular flow of an open economy is called the … sector.

A households
B business
C government
D foreign

1.1.5 The business cycle phase that is associated with rising profits and consumption is called …

A trough.
B downswing.
C peak.
D prosperity. (5 x 2) (10)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A–F) next to the question numbers (1.2.1 to 1.2.5) in the ANSWER BOOK, e.g. 1.2.6 G.

COLUMN A	COLUMN B
1.2.1 Equitability	A a process of using up an article
1.2.2 Secondary sector	B the sector that manufactures and processes raw materials so that they are in a form fit for human consumption
1.2.3 Consumption	C ensures that the benefits of society`s resources are distributed fairly among society members
1.2.4 Boom	D the economic indicator that moves the same way that the economy does
1.2.5 Coincident indicator	E the period of very high economic activity just before the economy slows down
	F the sector that render services to make the product available to consumers

(5 x 1) (5)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.5) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 All the physical and mental efforts of human activities involved in the production of goods and services

1.3.2 When someone has the means and resources to buy a product but there is no supply of that product

1.3.3 The type of economy where the foreign sector is excluded

1.3.4 The economic sector responsible for converting raw materials and other inputs into finished products

1.3.5 The lowest turning point of the business cycle (5 X 1) (5)

TOTAL SECTION A: 20

SECTION B

Answer only ONE of the two questions in this section ANSWER BOOK

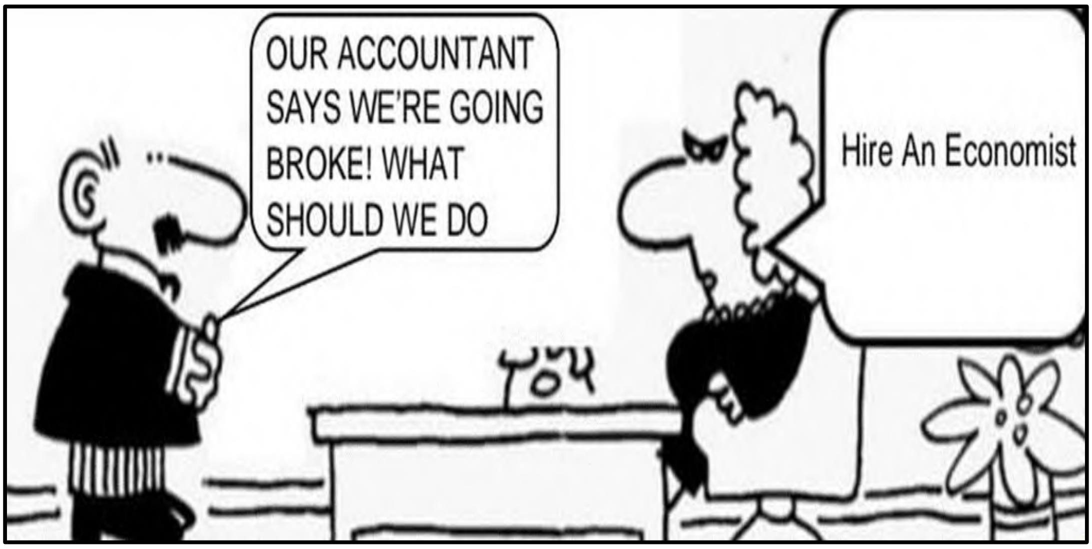
QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 List any TWO examples of injections in the economy. (2 X 1) (2)

2.1.2 Why do economists make use of models in the study of economics? (1 X 2) (2)

2.2 Study the cartoon below and answer the questions that follow:



[Adapted from www.google.com]

2.2.1 What advice is given by the lady in the cartoon? (1)

2.2.2 Give ONE career opportunity related to Economics. (1)

2.2.3 Briefly describe the term *Economics.* (2)

2.2.4 Why is Economics considered to be a social science? (2)

2.2.5 How does macroeconomics differ from microeconomics? (2 x 2) (4)

2.3 Study the table below and answer the questions that follow.

NATIONAL INCOME ACCOUNTS OF SOUTH AFRICA		
	R millions	
	2020	**2021**
Compensation of employees	2 678 050	2 861 309
Net operating surplus	1 493 978	1 795 000
Consumption of fixed capital	752 613	797 230
Gross value added at factor cost	**4 924 641**	**5 453 539**
Other taxes on production	118 022	131 563
Other subsidies on production	13 088	12 494
Gross value added at A	**5 029 575**	**5 572 608**
Taxes on products	541 457	633 854
Subsidies on products	14 116	13 965
Gross domestic product at market prices	**5 556 916**	**B**

[Adapted from *SARB QB*, December 2021]

2.3.1 Identify the method used in the table above to calculate national income. (1)

2.3.2 Name the missing item labelled as **A**. (1)

2.3.3 Briefly describe the term *subsidies on production*. (2)

2.3.4 How is gross domestic product converted to gross national product? (2)

2.3.5 Calculate the value of gross domestic product at market prices for 2021 **(B)**. Show ALL calculations. (2 X 2) (4)

2.4 Differentiate between positive and normative statements. (8)

2.5 How can the business sector contribute more positively to the economy? (4 X 2) (8)
[40]

QUESTION 3: MACRONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions:

3.1.1 List any TWO types of pollution. (2 x 1) (2)

3.1.2 What happens during the depression phase? (1 X 2) (2)

3.2 Study the picture below and answer the questions that follows.

[Adapted from www.google.com]

3.2.1 Identify the human right violated in the above cartoon. (1)

3.2.2 What is the legal age for one to be considered for formal employment? (1)

3.2.3 Briefly describe the term *human rights.* (2)

3.2.4 How can local communities contribute to a cleaner environment? (2)

3.2.5 How can the government help to intervene in protection of human. (2 x 2) (4)

3.3 **Study the picture below and answer the questions that follow.**

[Adapted from Core notes 202]

3.3.1 Identify the final product in the picture above. (1)

3.3.2 Name the economic sector that is responsible for the extraction of raw materials from nature. (1)

3.3.3 Briefly describe the term *consumer goods*. (2)

3.3.4 Explain the positive impact of labour intensive towards the economic activity. (2)

3.3.5 How does the informal sector differs from formal sector in our economy. (2 X 2) (4)

3.4 Differentiate between *free goods* and *economic goods* . (2 X 4) (8)

3.5 Analyse the importance of the secondary sector in the economy? (4 X 2) (8)
[40]

TOTAL SECTION B: 40

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point will be to define the main concept related to the question topic. • Do NOT include any part of the question in your introduction. • Do NOT repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Assess/Debate **A maximum of 8 marks may be allocated for headings/examples**. **Additional part:** Critically discuss/Evaluate/Critically evaluate/ Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How **A maximum of 2 marks may be allocated for merely listing facts.**	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed. • Additional supporting information to strengthen the Discussion/ analysis • A contradictory viewpoint with motivation, if required • Recommendation	Max. 2
TOTAL	**40**

QUESTION 4: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the role of the FOUR markets in a circular flow of an open economy. (26)
- Why is an increase in injections important for the South African economy? (10)
  [40]

QUESTION 5: MACROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail the features of business cycles. (26)
- Explain how endogenous (Keynesian) factors influence economic fluctuation. (10)
  [40]

TOTAL SECTION C: 40
GRAND TOTAL: 100

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PROVINCIAL ASSESSMENT

GRADE 10

ECONOMICS P1
MARKING GUIDELINES
JUNE 2024

MARKS: 100
TIME: 1 ½ hours

These marking guidelines consist of 14 pages.

SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLE CHOICE

1.1.1 C/ What people should buy ✓✓

1.1.2 A/ the economic problem ✓✓

1.1.3 B/ scarcity ✓✓

1.1.4 B/ household ✓✓

1.1.5 D/ prosperity ✓✓ (2 x 5) (10)

1.2 **MATCHING ITEM**

1.2.1 C/ ensures that the benefits of society`s resources are distributed fairly among society member ✓

1.2.2 B/ the sector that manufactures and processes raw materials so that they are in a form fit for human consumption ✓

1.2.3 A/ a process of using up an article ✓

1.2.4 E/ the period of very high economic activity just before the economy slows down ✓

1.2.5 D/ the economic indicator that moves the same way that the economy does ✓

(5 x 1) (5)

1.3 **GIVE ONE TERM**

1.3.1 Labour ✓

1.3.2 Relative scarcity ✓

1.3.3 Closed economy/ three-sector economy ✓

1.3.4 Secondary sector ✓

1.3.5 Trough ✓ (1 x 5) (5)

TOTAL SECTION A: 20

SECTION B

Answer only ONE of the two questions in this section ANSWER BOOK

QUESTION 2: MACROECONOMICS 40 MARKS

2.1 **Answer the following questions:**

2.1.1 **List any TWO examples of injections in the economy.**

- Investment ✓✓
- Government spending ✓✓
- Exports ✓ (2 x 1) (2)

2.1.2 **Why do economists make use of models in the study of economics?**

- Model simplifies reality to reduce complex functions that are difficult to understand. ✓ (1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **What advice is given by the lady in the cartoon?**

- She advises the employer to hire an Economist. ✓ (1)

2.2.2 **Give ONE career opportunity related to Economics.**

- Market research analyst✓
- Credit analyst✓
- Financial analyst✓
- Actuary✓
- Economic consultant✓
- Accountant✓

(Accept any other relevant response) (1)

2.2.3 **Briefly describe the term *Economics.***

- A social science studies how individuals, business and other organisations choose to use resources to achieve the maximum satisfaction of their unlimited needs and wants. ✓✓ (2)

2.2.4 **Why is Economics considered to be a social science?**

- Economics is a social science that examines people's behavior and how they interact with society. ✓✓

(Accept any other correct relevant responses) (2)

2.2.5 **How does macroeconomics differ from microeconomics?**

Macroeconomics
- Macroeconomics is the study of the total economic activity. ✓✓
- It includes regional, national and international study fields. ✓✓
- It focuses on the economy as a whole.✓✓

Microeconomics
- Microeconomics is the study of the behavior and decisions of individual participants in the economy. ✓✓
- It includes how prices are determined. ✓✓
- It focuses on individuals, households, firms and other organisations. ✓✓

(Accept any other relevant response). (2 x 2) (4)

2.3 **DATA RESPONSE**

2.3.1 Identify the method used in the table above to calculate national income.
- Income method ✓ (1)

2.3.2 **Name the missing item labelled as A.**

- Gross value added at basic prices/GVA at basic prices. ✓ (1)

2.3.3 **Briefly describe the term *subsidies on production*.**

- Subsidies on production refer to subsidies that are not linked to specific goods or services, e.g. subsidy made on employment. ✓✓

(Accept any other correct relevant response) (2)

2.3.4 **How is gross domestic product converted to gross national product?**

- By adding primary income from the rest of the world and subtracting primary income to the rest of the world/ GDP+ primary income from the rest of the world – primary income to the rest of the world. ✓✓ (2)

2.3.5 **Calculate the value of gross domestic product at market prices for 2021 (B). Show ALL calculations.**

- 5 572 608 ✓+633 854✓ -13 965 ✓= 6 192 497✓ (2 x 2) (4)

2.4 **Differentiate between positive and normative statements.**

Positive statements	**Normative statements**
• These statements describe facts without making any judgement whether the facts are good or bad. ✓✓ • Positive statements are concerned with what was in the past, what is today or what will be in the future. ✓✓ • You can test positive statements, e.g. the rand appreciated by 2% against the dollar. ✓✓	• These statements include value judgements or opinions by economists. ✓✓ • These statements cannot be proven. ✓✓ • Normative statements deal with economic behavior and they judge the behavior whether it is good or bad. ✓✓ • You can debate a normative statement. ✓✓ • E.g. the South African inflation rate is too high. ✓✓

(Allocate a maximum of 4 marks for a mere listing of facts/ examples) (2 x 4) (8)

2.5 **How can the business sector contribute more positively to the economy?**

The business sector can contribute more positively by:
- Investing more in labour intensive projects with the focus on in-service training and skills development of workers. ✓✓
- Re-investing their profits in the gross capital formation programmes equipment, tools, transportation assets and electricity. ✓✓
- Expanding their business operations and investing in the latest technology to ensure an upliftment of the quality of factors of production needed for production. ✓✓
- diversifying their business operations by bringing in a differentiated product offering within or outside the range they produce. ✓✓
- Supporting South African businesses in terms of procuring raw materials and increase the market share for South African produced goods and services locally and abroad. ✓✓
- Ensuring the existence of sound business principles towards a long-term involvement in the economy leading to a positive economic growth rate. ✓✓
- Using loans to invest in capital goods like machinery, to ensure mass production at a lower cost thus improving their competitiveness. ✓✓
- (Accept any other correct higher order response) (4 X 2) (8)

(Allocate a maximum of 2 marks for a mere listing of facts/ examples) **[40]**

QUESTION 3: MACROECONOMICS **40 MARKS**

3.1 **Answer the following questions**:

3.1.1 **List any TWO types of pollution.**

- Water pollution ✓
- Land pollution ✓
- Air pollution ✓
- Noise pollution ✓

(Accept any other correct relevant response) (2 x 1) (2)

3.1.2 **What happens during the depression phase?**

- During a depression money is in short supply, leading to a further decline in spending and there is a negative impact on investment spending. ✓✓ (1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **Identify the human right violated in the above cartoon**

- Child labour ✓ (1)

3.2.2 **What is the legal age for one to be considered for formal employment?**

From 18 years of age ✓ (1)

3.2.3 **Briefly describe the term *human rights.***

- Human rights are that its generally thought every person should have. ✓✓ (2)

3.2.4 **How can local communities contribute to a cleaner environment?**

- Local communities should avoid dumping of waste in undesignated areas. ✓✓
- Local communities should be encouraged to recycle products. ✓✓
- Avoid the unnecessary burning of waste. ✓✓
- Avoid the unnecessary cutting of tress. ✓✓

(Accept any other correct relevant responses) (2)

3.2.5 **How can the government help to intervene in protection of human rights?**

- By enforcing laws through courts, setting policies that most directly to impact people's lives. ✓✓
- Government should constantly monitor human rights. ✓✓
- Through awareness's and campaigns. ✓✓

(Accept any other correct relevant responses) (2 x 2) (4)

3.3 **DATA RESPONSE**

3.3.1 **Identify the final product in the picture above.**
- Bread ✓ (1)

3.3.2 **Name the economic sector that is responsible for the extraction of raw materials from nature.**
- Primary sector ✓ (1)

3.3.3 **Briefly describe the term *consumer goods.***
- Consumer goods are goods that are used or consumed by individuals or households to satisfy their needs. ✓✓ (2)

3.3.4 **Explain the positive impact of labour intensive towards the economic activity.**
- It is a manual labour that is predominantly used in the production process and with less machinery used that is good for South Africa because it will generate more employment. ✓✓ (2)

(Accept any other correct relevant response)

3.3.5 **How does the informal sector differ from formal sector in our economy?**

Informal sector:
- The informal sector is businesses which are not legally registered and their production is not recorded in the GDP figures of the country. ✓✓

Formal sector:
- The formal sector is businesses which are legally registered, and their production is recorded in GDP figures of the country. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

3.4 **Differentiate between *free goods* and economic *goods*.**

Free goods
- Are useful to people and they satisfy important needs and wants, but they are not scarce. ✓✓
- They are gifts of nature and there is an abundant supply ✓✓ e.g. fresh air, sunshine and sea water ✓
- These goods do not belong to anybody/are not owned by anyone✓✓
- Although they have utility, they have no commercial value/exchange value ✓✓

Economic goods
- Are goods that are produced scarce resources ✓✓
- They are scarce ✓✓
- They can command a price in the market and are owned by somebody ✓✓
- They have utility and value ✓✓

- Economic goods are also referred to as scarce goods✓✓

(Accept any other correct relevant response) (2 x 4) (8)

(Allocate a maximum of 4 marks for a mere listing of facts/ examples)

3.5 **Analyse the importance of the secondary sector in the economy?**

- It contributes a lot towards the GDP that increases our production capacity. ✓✓
- Create job opportunities that leads to factories and other secondary industries provide thousands of jobs for a range of skills levels. Example unskilled labour (e.g., cleaners) and skilled workers (e.g., engineers) ✓✓
- Ensures economic independence that regards SA as a giant in Africa. ✓✓
- Earns foreign exchange because sector is diverse and many of our industrial outputs are exported. ✓✓
- It serves as an important area for investment because it requires expensive machinery and equipment. ✓✓
- Gives strategic importance in Africa as SA has necessary minerals and infrastructure to play important role of development. ✓✓

(Accept any other relevant answer.) (2 x 4) (8)

(Allocate a maximum of 2 marks for a mere listing of facts/ examples) [40]

TOTAL SECTION B: 40

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 4: MACROECONOMICS **40 MARKS**

- **Discuss in detail the role of the FOUR markets in a circular flow of an open economy.** **(26 Marks)**

- **Why is an increase in injections important for the South African economy?** **(10 Marks)**

INTRODUCTION

The circular flow is a simplified economic model that illustrates the inter-relationship between the economic participants ✓✓ OR
A market is a mechanism that brings buyers and sellers together to exchange different types of products ✓✓
(Accept any other correct relevant introduction) **(Max. 2)**

BODY: MAIN PART

FOUR TYPES OF MARKETS IN THE CIRCULAR FLOW

(a) Product/Goods market ✓
- Product market is where goods and services are bought and sold ✓✓
- Firms, government and foreign sector supply goods and services and their movement is called real flow ✓✓
- Consumers, firms, government and foreign sector buy goods and services and their payments represent money flow ✓✓
- Goods are defined as any tangible items such as food, clothing and cars that satisfy some human needs ✓✓
- In capital goods market products such as buildings and machinery are exchanged ✓✓
- Consumer goods market involves the trading of durable consumer goods, semi- durable consumer goods and non-durable consumer goods ✓✓
- Services are defined as non-tangible actions and includes wholesale and retail, transport and financial markets ✓✓

(b) Factor/Resources/Input market ✓
- Factor market is where factors of production are exchanged, ✓✓ e.g. the labour market, property market and the financial markets ✓
- Households are the owners of factors of production and they sell them to firms to produce goods and services ✓✓
- The factors of production are labour, entrepreneurship, capital and land and they are exchanged for wages, profit, interest, and rent respectively ✓✓
- Factor services are real flows and they are accompanied by counter flows of income on the factor market ✓✓

(c) Financial markets ✓

- Financial markets render financial services to the other participants in the economy by gathering surplus funds and lending them to those who needs funding ✓✓
- Banks, insurance companies and pension funds form part of the financial market ✓✓
- Financial markets are not directly involved in production of goods and services, but act as a link between households and businesses with surplus income and other participants who require it ✓✓

Money market ✓

- The money market is the market for short-term and very short-term savings and loans ✓✓
- The South African Reserve Bank (SARB) is a key institution in the money market ✓✓
- The SARB administers the function of legislating and managing the money market ✓✓
- Money market includes inter-bank lending for a period as short as overnight ✓✓
- The securities traded include short term deposits, short term debentures and treasury bills ✓✓

Capital market ✓

- The capital market is the market for long-term savings and loans ✓✓
- The Johannesburg Securities Exchange (JSE) is a key institution in the capital market ✓✓
- The securities traded in this market are long term deposits, mortgage bonds and shares ✓✓

(d) Foreign exchange market ✓

- The foreign exchange market is a multi-national market where currencies of all the countries are traded, ✓✓ e.g. The South African rand can be exchanged for the US dollar ✓
- The foreign exchange market originates when one country imports goods from another country and domestic currency have to be exchanged in order to pay for such imports ✓✓
- Foreign exchange can be bought and sold at the banks and foreign exchange agencies ✓✓
- The South African rand is freely traded in the forex markets and its value is determined by the market forces of demand and supply ✓✓

(Accept any other correct relevant response)

(Allocate a max of 8 marks for headings/subheadings/examples) **(Max 26)**

ADDITIONAL PART

- Increase in investments will expand the tax base thereby increasing tax revenue for the government ✓✓
- The government's capacity to develop infrastructure such as energy and transport will increase ✓✓
- Establishment of new businesses and infrastructure development projects will create more employment ✓✓
- Consumer spending may increase as households receive more income leading to an increase in aggregate demand ✓✓
- Increase in government expenditure on welfare payments and social development improves the standard of living especially for the poor people ✓✓
- Increase in government spending in the form providing subsidies and incentives to businesses will encourage production of more goods and services ✓✓
- Increase in subsidies may reduce the cost of production which will reduce inflation in the economy ✓✓
- Increase in South African exports may result in the appreciation of the rand which will reduce the cost of importing production inputs such as oil ✓✓
- Increase in export production contribute to an increase in the real GDP of the country ✓✓
- Balance of payments problems may decrease as the trade balance increases due to an increase in exports ✓✓
- Through the multiplier process, the country's national income will increase by a bigger margin ✓✓

(Accept any other correct relevant response) **(Max 10)**
(Allocate a maximum of 2 marks for a mere listing of facts/ examples)

CONCLUSION
Markets ensure availability of consumer goods and services to households and government while allowing businesses access to factors of production. ✓✓
(Accept any other relevant higher order conclusion.) **(Max 2)**
[40]

QUESTION 5: MACROECONOMICS **40 MARKS**

- **Discuss in detail the features of business cycles.** **(26 Marks)**
- **Explain how endogenous (Keynesian) factors influence economic fluctuation.** **(10 Marks)**

INTRODUCTION

Business cycles can be described as successive periods of contraction and expansion in the level of economic activities. ✓✓
(Accept any other correct relevant introduction) **(Max. 2)**

BODY: MAIN PART
LEADING INDICATORS ✓

- Leading indicators are indicators that change before the economy changes ✓✓
- Leading indicators give consumers, business leaders and policy makers a glimpse

  (advance warnings) of where the economy might be heading. ✓✓
  These indicators peak before a business cycle has reached a peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓
- When these indicators rise, the level of economic activities will also rise in a few months' time. ✓✓
- When they decline it also means the level of economic activity will decline in the near future ✓✓
- Examples: include the number of residential plans passed, number of job advertisements, number of new companies ✓

COINCIDENT INDICATORS ✓

- Coincident indicators are indicators that change at the same time as the economy changes ✓✓
- Coincident indicators show the actual state of the economy. ✓✓
- A downturn is shown by a decrease in these indicators while an upswing is shown as an increase in these indicators ✓✓
- Coincident indicators confirm the changes predicted by the leading indicators. ✓✓
- The value of retail sales will reach a peak and then begin to decline at the same time as the business cycle. ✓✓
- Examples: are usage of capacity in manufacturing, registered unemployment, real

  GDP. ✓

LAGGING INDICATORS ✓

- Lagging indicators change after the economy has already changed ✓✓
- Lagging indicators reach the turning point after the business cycle has already turned ✓✓

- Lagging indicators serve to confirm the behaviour of co-incident indicators ✓✓
- Examples: number of commercial vehicles sold, real investment in machinery, unit labour costs in manufacturing✓✓

COMPOSITE INDICATORS ✓
- Composite indicators summarise a group of indicators of the same type into a single value
- The single figure forms a norm for a country's economic performance ✓✓
- Composite indicators can be consolidated into single values of a composite leading, coincident and lagging indicator. ✓✓

AMPLITUDE✓
- It is the difference between the value of total output between peak and trough measured from the trend line to the peak and trough ✓✓
- Amplitude reflects the intensity of the upswing and downswing in economic activity ✓✓
- The amplitude shows two things:

  -**The power of the underlying forces** such as interest rates, exports or consumer spending. ✓✓

  A large amplitude during the upswing signifies strong underlying forces. ✓✓

  The duration of a cycle with larger amplitude is usually longer than one with a small amplitude ✓✓

  - **The extent of change** such a decrease in unemployment of 50% or increase in inflation of 100% during the upswing ✓✓

  The larger the amplitude, the more extreme the changes that may occur. ✓✓

TREND LINE ✓
- The trend line indicates the general direction in which the economy is moving ✓✓
- When the economy is growing, there is an upward trend, but when the economy is contracting there is a downward trend ✓✓
- The trend will change when the time series data change their behavioural patterns of the past✓✓
- The trend line normally has a positive slope because the production capacity of the economy increases over time✓✓

LENGTH/DURATION OF A CYCLE ✓
- Length is measured from peak to peak or from trough to trough✓✓
- Longer cycles show strength and shorter cycles show weakness with regard to economic activities✓✓
- Cycles may overshoot which means that whenever activity in terms of some composite indicators increase to beyond its normal level ✓✓
- The contraction in the growth of output may overshoot the level where it should naturally stop. ✓✓

EXTRAPOLATION ✓

- Extrapolation refers to the estimation of something unknown from the facts that are known ✓✓
- Past data is used when predictions are made about the future based on assumptions related to trends ✓✓
- Extending a trend into the future may provide information on what is likely to happen ✓✓
- Economists may predict that the economy will grow in few months to come if a business cycle has passed through a trough and entered into an upswing ✓✓
- Extrapolation techniques are sometimes used to predict future share prices ✓✓

MOVING AVERAGES ✓

- They are calculated along the time series so that a smoother business cycle can be established. ✓✓
- Moving averages are used to analyse the changes in a series of data over a certain period of time. ✓✓
- Economists use moving averages to eliminate the effect of sharp fluctuation in the business cycle ✓✓

(Accept any other correct relevant response) (Max 26)
(A maximum of 8 marks may be allocated for mere listing of headings/examples)

ADDITIONAL PART

- They are factors that are part of the economic system. ✓✓
- The expansion phase contains mechanisms that eventually cause a contraction of economic activity. ✓✓
- As the level of economic activity increases, total spending in the economy increases as well. ✓✓
- This causes an increase in imports which negatively affects the balance of payments and leads to a depreciation of the exchange rate. ✓✓
- Increased borrowing leads to increase in interest rates (negative effect on the economy). ✓✓
- Positive perceptions of the economy will lead to an increase in spending and vice versa. ✓✓

(Accept any other correct relevant response) (Max 10)
(A maximum of 2 marks may be allocated for mere listing of facts/examples)

CONCLUSION

- The country can be enabled to prepare suitable policies to deal with different changes in the economy reflected by the indicators and features. ✓✓

(Accept any other correct relevant higher order conclusion) (Max 2)
[40]

GRAND TOTAL: 100