



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

14 MARCH 2025

ECONOMICS

MARKS: 100

TIME: 1h30 Minutes

This question paper consists of 9 pages.

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:
 - SECTION A: COMPULSORY
 - SECTION B: Answer ONE of the two questions.
 - SECTION C: Answer ONE of the two questions.
2. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2–3 lines between subsections of questions.
6. 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.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1

20 MARKS – 15 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 (1.1.1–1.1.5) in the ANSWER BOOK, for example 1.1.6 D.

1.1.1 Injections in an open economy include...

- A investments, imports and exports
- B investment, government expenditure and exports
- C taxes, investments and government expenditure
- D savings, taxes and investments

1.1.2 An increase in the level of economic activity is a characteristic of ...phase

- A recession
- B prosperity
- C depression
- D actual

1.1.3 When a country can produce a product at a lower opportunity cost than any other country, it is known as ... advantage

- A comparative
- B relative
- C absolute
- D complete

1.1.4 The exchange rate system that is determined by market forces of demand and supply is known as...

- A direct
- B fixed
- C managed floating
- D free floating

1.1.5 A document that is presented in October to inform parliament of changes in the budget since February is known as ...

- A Main budget
- B Medium – term budget policy statement
- C Medium – term expenditure framework
- D National budget

(5x2) [10]

- 1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–G) next to the question number (1.2.1–1.2.6) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Factor market	A	government expenditure exceeding revenue
1.2.2	Budget deficit	B	the difference between the total income received from exports and payments made for imports
1.2.3	Monetary policy committee	C	describes the continuous flow of spending, production and Income
1.2.4	Kondratief cycles	D	value of economic goods and services produced by permanent residents of a country inside and outside the boundaries of a country
1.2.5	Trade balance	E	services of factors of production are bought and sold
1.2.6	Gross national product	F	manipulates instruments of the monetary policy to balance the state of the economy
		G	Lasts for 50 years and more

(6x1)

[6]

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.4) in the ANSWER BOOK. Abbreviations, acronyms, and examples will not be accepted.

1.3.1 A phenomenon whereby an initial increase in the rate of spending will result to a more than proportionate increase in income

1.3.2 The point where economic contraction is at it lowest

1.3.3 An administered reduction in the exchange of a currency against other currencies under fixed exchange rate system

1.3.4 The equal redistribution of income and wealth

(4x1)

[4]

TOTAL SECTION A:

[20]

SECTION B

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

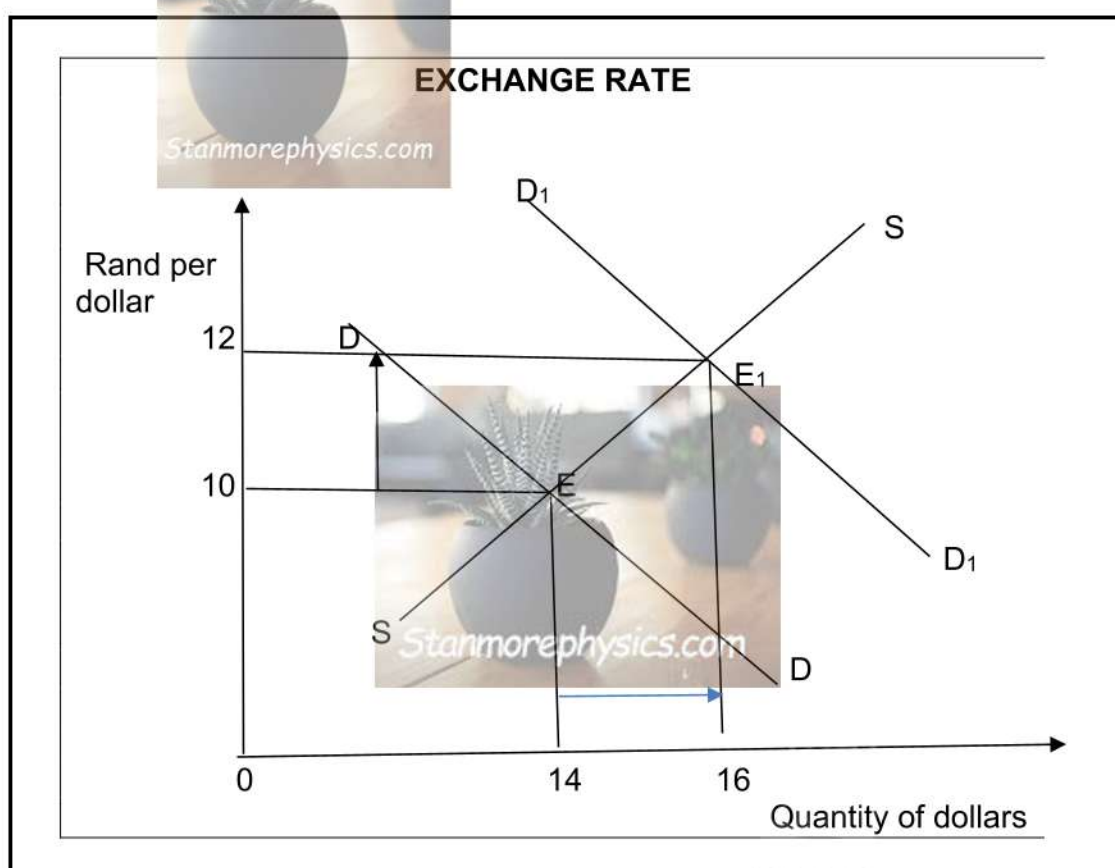
QUESTION 2: MACROECONOMICS - 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Give any TWO examples of state-owned enterprises (SOE's). (2x1) (2)

2.1.2 What does the South African society stand to benefit from nationalisation? (1x2) (2)

2.2 Study the graph below and answer questions that follow.



2.2.1 Identify the original price of a rand to a dollar? (1)

2.2.2 What happens to the value of a rand, if the demand curve shifts from DD to D₁D₁? (1)

2.2.3 Briefly describe *managed floating exchange rates*. (2)

2.2.4 Explain the reason for a shift of DD to D₁D₁ (2)

2.2.5 Analyse the impact of an appreciating rand to outbound tourists. (2x2) (4)

2.3 Study information below and answer the questions that follow:

NATIONAL ACCOUNTS FOR SOUTH AFRICA At current prices	
Item	2021 (R billion)
Compensation of employees	2 861
Net operating surplus	1 795
Consumption of fixed capital	797
Gross value added at factor cost	5 453
Taxes on production	132
Subsidies on production	12
Gross value added at basic prices	(A)
Taxes on products	634
Subsidies on products	14
Gross domestic product at market prices	6 193

[Adapted from SARB Quarterly Bulletin, December 2022]

- 2.3.1 Identify the method used to calculate the gross domestic product (GDP) in the above table (1)
- 2.3.2 Name ONE example of taxes on products. (1)
- 2.3.3 Briefly describe the term *subsidy on production* (2)
- 2.3.4 Why is it important for a country to prepare national account aggregates? (2)
- 2.3.5 Calculate the gross value added (GVA) at basic prices (A) in the table above. Show ALL calculations. (4)
- 2.4 Briefly discuss *lending and borrowing & changes in demand* as measures to correct the Balance of Payments disequilibria. (8)
- 2.5 How can a decrease in injections impact on the South African economy? (8)

[40]

QUESTION 3: MACROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO features of the fiscal policy. (2x1) (2)

3.1.2 How can climatic conditions affect the export market? (1x2) (2)

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

TERMS OF TRADE			
YEAR	INDEX OF EXPORT PRICES	INDEX OF IMPORT PRICES	
1	102	98	
2	94	100	

The balance of payments consists of a current account, capital transfer and financial account. A deterioration in the trade balance is a result of the value of merchandise imports increasing substantially

Source: adapted from the internet

3.2.1 Identify the account in the balance of payments that records exports and imports of goods and service. (1)

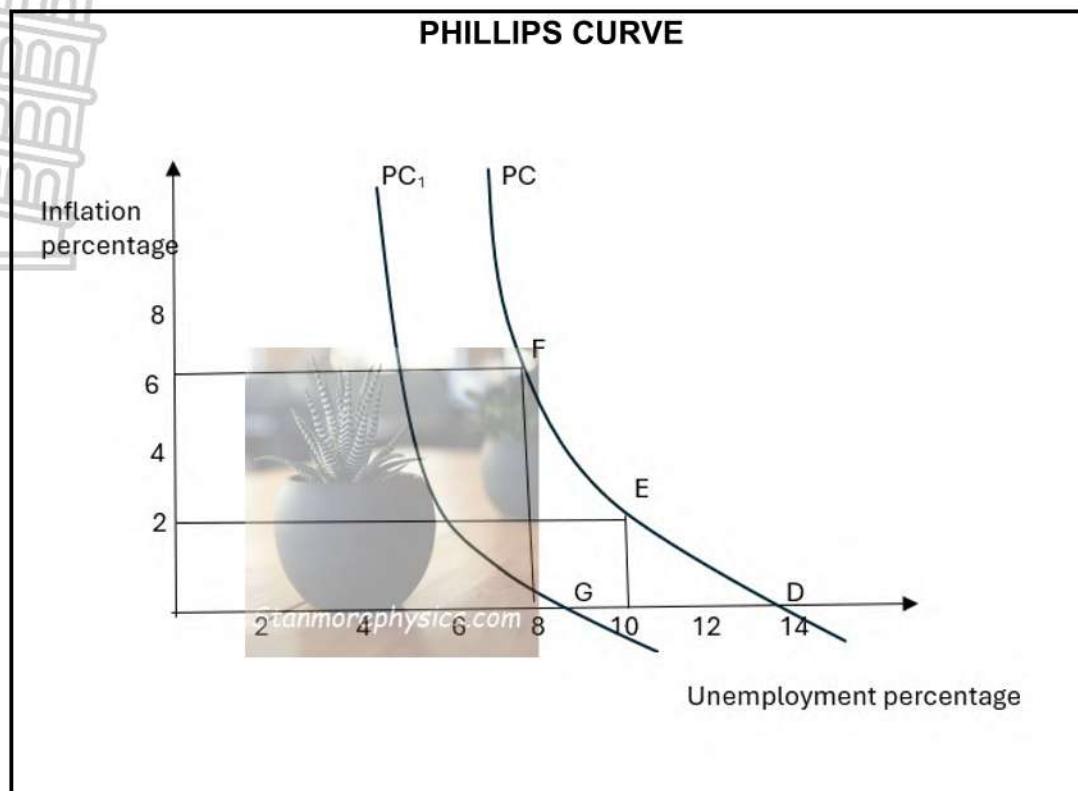
3.2.2 Name ONE effect of international trade. (1)

3.2.3 Briefly describe the term *terms of trade*. (2)

3.2.4 Explain the importance of calculating terms of trade. (2)

3.2.5 Compare the terms of trade for the two years. Show ALL calculations. (4)

3.3 Study the graph below and answer the questions that follow.



3.3.1 Identify the economic concept at point D. (1)

3.3.2 Name an explanation of business cycles. (1)

3.3.3 Briefly describe the term *inflation*. (2)

3.3.4 Explain the relationship shown by the Phillips curve. (2)

3.3.5 Suggest the government intervention to shift PC to PC₁. (2x2) (4)

3.4 Briefly discuss *full employment* and *price stability* as macroeconomic objectives. (8)

3.5 How can the business sector address unemployment in South Africa? (8)

[40]

SECTION C
Answer ONE
Your answer

Answer ONE of the two questions from 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 would 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 saying 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 <i>Stanmorephysics.com</i>	Max. 26
Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/ Complete the given graph/Calculate/Deduce/Compare/Explain/Distinguish/ Interpret/Briefly debate/How/Suggest	Max. 10
Conclusion Any higher-order conclusion should include: - A summary of what has been discussed without repeating facts already mentioned. - Any opinion or value judgement on the facts discussed. - Additional support information to strengthen the discussion/analysis. - A contradictory viewpoint with motivation, if required - Recommendations	Max. 2
TOTAL	40

QUESTION 4: CIRCULAR FLOW

40 MARKS – 40 MINUTES

- Discuss in detail the reasons of public sector failure (link them to typical problems experienced through public sector provisioning) (26)
 - How can the government address the challenge of poor service delivery? (10)
- (40)

QUESTION 5: FOREIGN EXCHANGE

40 MARKS – 40 MINUTES

- Discuss in detail features underpinning forecasting (26)
 - How can the secondary sector adapt to economic fluctuations? (10)
- (40)

TOTAL SECTION C: [40]
GRAND TOTAL: [100]



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GRADE 12

MARCH 2025

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ECONOMICS

MARKING GUIDELINE

MARKS: 100

This memorandum consists of 17 pages.

SECTION A (COMPULSORY)**QUESTION 1****20 MARKS – 15 MINUTES**

- 
- 1.1 1.1.1 B✓✓ (investments, government expenditure and exports)
 1.1.2 B✓✓ (prosperity)
 1.1.3 A✓✓ (comparative)
 1.1.4 D✓✓ (free floating)
 1.1.5 (Medium – term budget policy statement)

(5x2) (10)

- 
- 1.2 1.2.1 E ✓ (services of factors of production are bought and sold)
 1.2.2 A ✓ (government expenditure exceeding revenue)
 1.2.3 F ✓ (manipulates instruments of the monetary policy to balance the state of the economy)
 1.2.4 G ✓ (lasts for 50 years or more)
 1.2.5 B ✓ (the difference between the total income received from exports and payments made for imports)
 1.2.6 D ✓ (value of economic goods and services produced by permanent residents of a country inside and outside the boundaries of a country)

(6x 1) (6)

- 1.3 1.3.1 Multiplier ✓
 1.3.2 Trough✓
 1.3.3 Devaluation ✓
 1.3.4 Economic equity ✓

(4x1) (4)**TOTAL SECTION A: 20**

SECTION B

QUESTION 2: MACROECONOMICS

40 MARKS – 30 MINUTES

2.1 2.1.1 Give any TWO examples of State owned enterprises

- Eskom ✓
- Transnet ✓
- South African Airways ✓
- Denel ✓
- South African broadcasting corporation ✓

(Any 2x1) (2)

2.1.2 What does the South African society stand to benefit from nationalisation

- All the wealth of the country will be shared amongst all citizens of the country, ✓✓
- The inequality gap will be minimised as much as possible because the government will be in control example, schools would have equal resources ✓✓

(Accept any correct relevant response)

(2)

2.2 DATA RESPONSE

2.2.1 Identify the original price of a rand to a dollar?

R 10.00✓

(1)

2.2.2 What happens to the value of a rand, if the demand curve shifts from DD to D_1D_1

The value of the rand depreciates. ✓

(1)

2.2.3 Briefly describe *managed floating exchange rates*

A type of exchange rate system where the government will intervene when necessary, buying and selling foreign currency to stabilise the currency ✓✓

(2)

2.2.4 Explain the reason for a shift of DD to D_1D_1

The shift is because of an increase in imports, so South African citizens demand more dollars because they need to pay for American goods in dollars ✓✓

(Accept any correct relevant response)

(2)

2.2.5 Analyse the impact of an appreciating rand to outbound tourists.

- There will be more tourists travelling abroad because goods and services will be affordable ✓✓
- A stronger rand means that South African tourists can buy more foreign currency, which increases their spending power abroad ✓✓

(4)

- A stronger rand can make South Africa a more expensive place for foreign tourists, which might reduce the country's appeal in the global tourism market ✓✓
- A rapidly appreciating rand can cause uncertainty and instability in the foreign exchange market ✓✓

2.3



2.3.1

DATA RESPONSE

Identify the method used to calculate the gross domestic product (GDP) in the above table

Income method// GDP(I) ✓

(1)

2.3.2 **Name ONE example of taxes on products.**

- Value Added Tax / VAT ✓
- Excise duties E.g. Sin tax, carbon tax, sugar tax, fuel levy ✓
- Import duties / Custom duties / Import tariffs ✓

(1)

(Accept any other correct relevant response)

2.3.3 **Briefly describe the term *subsidy on production***

Financial assistance or support by the government to reduce cost of production or encourage production of certain products or influence remuneration of the factors of production ✓✓

(Accept any other correct relevant response)

(2)

2.3.4 **Why is it important for a country to prepare national account aggregates?**

- To determine the level economic activity by measuring the value of real GDP in a country ✓✓
- To measure economic growth by comparing real GDP figures for the current period with the previous ✓✓
- To measure the standard of living by determining the level of real GDP per capita ✓✓
- To compare the levels of prosperity between countries ✓✓

(Accept any other correct relevant response)

(2)

2.3.5 Calculate the gross value added (GVA) at basic prices (A) in the table above. Show ALL calculations.

$$\begin{aligned} \text{GVA at basic prices (A)} &= 5\,453\checkmark + 132\checkmark - 12\checkmark \\ &= \text{R}5\,573 \text{ bn } \checkmark \end{aligned}$$

(Accept any other correct relevant methods)

(4)

2.4 Briefly discuss *lending & borrowing* and *changes in demand* as measures to correct the Balance of Payments disequilibria

Lending and borrowing:

- Countries with surpluses often lend money to countries with deficits. ✓✓
- Developing countries like South Africa are often with deficits, they borrow from countries with surpluses ✓✓
- In the event of fundamental disequilibrium, member countries may borrow from the International Monetary fund ✓✓
- Borrowing is a short term solution ✓

Changes in Demand

Long – term policies

- Export promotion such as government incentives, is applied to encourage the production of goods and services that can be exported, thus increasing demand of foreign countries ✓✓
- Import substitution - government provides incentives to producers to produce goods locally rather than import them. This reduces the outflow in the balance of payments ✓✓
- Import control – these include import tariffs, other duties and quotas, this tries to prevent outflow keeping the BOP deficit stable. ✓✓
- Exchange control – domestic regulations that allow central banks to ration foreign exchange. The earners of foreign exchange are compelled by law to hand it over to the Central Bank. ✓✓ Those who require foreign exchange have to apply to the central bank ✓✓

2.5 How can a decrease in injections impact on the South African economy?

- 
- A decrease in injections can lead to an economic contraction, as reduced aggregate demand can lead to lower production, employment, and income.
 - Reduced aggregate demand can lead to higher unemployment, as businesses may reduce production and lay off workers.
 - A decrease in injections can lead to lower economic growth, as reduced aggregate demand can lead to lower investment, innovation, and productivity.
 - A decrease in injections can lead to reduced tax revenue, as lower economic activity can lead to lower tax receipts.

(4x2)**(8)****QUESTION 3: MACROECONOMICS****40 MARKS – 30 MINUTES****3.1****3.1.1 Name any TWO features of the fiscal policy**

- 
- Goal - bound ✓
 - Demand – biased ✓
 - cyclical ✓

(Any 2X1)**(2)****3.1.2 How can climatic conditions affect the export market?**

- Extreme weather conditions, such as droughts, floods, or heatwaves, can affect agricultural crop yields and quality, leading to reduced export volumes and revenues. ✓✓
- Temperature changes, humidity, and weather-related damage can cause perishable goods, such as fruits, vegetables, and flowers, to spoil during transportation or storage.
- Severe weather events can damage transportation infrastructure, and delay shipments, leading to missed delivery deadlines and lost sales.

(1x2)**(Accept any other correct relevant response)****(2)****3.2 DATA RESPONSE****3.2.1 Identify the account in the balance of payments that records exports and imports of goods and service.**

Current account ✓

(1)**3.2.2 Name ONE effect of international trade.**

- Specialisation ✓
- Efficiency ✓

(1)

- Mass production✓
- Globalisation✓



3.2.3 Briefly describe the term *terms of trade*.

A price index that shows a countries export prices relative to its import prices. ✓✓

(2)

3.2.4 Explain the importance of calculating terms of trade.

- TOT shows whether export prices are increasing or decreasing relative to import prices helping evaluate a country's trade performance. ✓✓
- Calculating the TOT is important for informing trade policy and negotiations. ✓✓
- The TOT can influence exchange rate and monetary policy decisions. ✓✓
- Analysing the TOT can help identify areas for economic diversification. ✓✓

3.2.5 Compare the terms of trade for the two years. Show ALL calculations.

Year 1

$$\begin{aligned}\text{Terms of trade} &= \frac{\text{index of export prices}}{\text{index of import prices}} \\ &= \frac{102}{98} \times 100 \\ &= 104\checkmark\end{aligned}$$

Year 2

$$\begin{aligned}\text{Terms of Trade} &= \frac{90}{100} \times 100 \\ &= 90\checkmark\end{aligned}$$

There was deterioration in terms of trade in year 2 which may be due to a decrease in export prices as well as an increase in import prices. ✓✓

(4)

3.3 DATA RESPONSE



3.3.1 Identify the economic concept at point D (1)

Natural rate of unemployment ✓ (1)

3.3.2 Name an explanation of business cycles.

- Exogenous ✓
 - Endogenous ✓
- (1)

3.3.3 Briefly describe the concept *inflation*

Inflation is a significant increase in the general price level over a period of time, usually a year ✓✓ (2)

3.3.4 Explain the relationship shown by the Phillips curve.

The Phillips curve shows an inverse relationship between unemployment and inflation/The Phillips curve implies that there is a trade-off between unemployment and inflation. As unemployment falls, inflation rises, and vice versa. ✓✓ (2)

3.3.5 Suggest what the Government can do to shift PC to PC₁

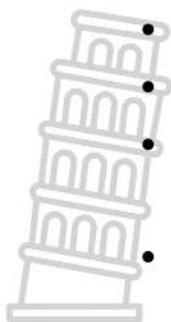
To reduce inflation and unemployment government can improve the state of education in the country, effective skilling and training, fewer legal restrictions on small businesses. ✓✓

This would shift the PC to PC₁ at point G where PC₁ intersects with the x-axis, creating a new natural unemployment rate. ✓✓

(Accept any other relevant response)

(4)

3.4 Briefly discuss *full employment* and *price stability* as macroeconomic objectives.

Full Employment

- Refers to an increase in the production of goods and services✓✓
- It is measured in terms of real GDP✓✓
- For economic growth to occur, the Economic growth rate must be more than the population growth rate✓✓
- Growth and development in a country benefits its citizens because it often leads to a higher standard of living✓✓

Price stability

- Stable prices lead to better results in terms of job creation and economic growth✓✓
- SARB inflation target is 3 – 6 % and have been successful in keeping inflation within target✓✓
- Interest rates based on the repo rate are the main instruments used to achieve price stability✓✓
- A stable budget deficit also has a stabilising effect on the inflation rate.✓✓

(4x2)**(8)****3.5 | How can the business sector address unemployment in South Africa?**

- Business can work together with education and training to help people develop skills that are needed✓✓
- Support small businesses and Entrepreneurship with financial and non-financial aid and various other forms of support✓✓
- Start businesses that resonate and are also relevant to the various cultures in our society . ✓✓
- Integrate technology with Businesses so as to increase skills and job creation✓✓
- Create markets for businesses to help them expand and create more job opportunities✓✓
- Government to assist businesses in reducing costs of production or pay a certain percentage related to wages so that more people can be employed. ✓✓

(8)

SECTION C

Answer one question from this section.

QUESTION 4: PUBLIC SECTOR**40 MARKS**

- Discuss in detail the reasons of public sector failure (link them to typical problems experienced through public sector Provis (26)
- How can the Government address the challenge of poor service delivery (10)

INTRODUCTION

Public sector failure occurs when Government falls short in fulfilling its duties as a (2)
result some objectives of Government are not realised ✓✓

(Accept any other relevant introduction)

MAIN PART – Reasons for Public sector failure**MANAGEMENT FAILURE ✓**

- Ignorance leads to the implementation of conflicting or wrong policies ✓✓
- Incompetence in the public sector may be due to improper qualifications, lack of training, experience and an attitude of apathy ✓✓
- Lack of skills may lead to wrong decisions and low productivity ✓✓
- Corruption exist when government official exploit their positions for personal gain. ✓✓
- Taking bribes, committing fraud, nepotism, behaving dishonestly and committing discrimination. ✓✓
- Allowing rent-seeking, which is the behaviour that improves the welfare of someone at the expense of the welfare of others ✓✓

APATHY/INDIFFERENCE ✓

- Government officials show little or no interest in delivering an efficient service to the public ✓✓
- It is not always easy to hold the public sector officials accountable because of the huge workforce in various departments ✓✓
- Corruption and poor service delivery are some of the symptoms of apathy ✓✓
- People employed by the state do not always serve the interests of the public ✓✓
- Public sector officials seek to maximise their salaries, status and power and are not required to produce a profit and loss statement ✓✓
- Poor accountability is the result of low motivation, poor training, and lack of competence ✓✓

LACK OF MOTIVATION ✓

- Frontline workers rarely receive incentives for successful service delivery but are only monitored on inputs and following procedures and processes. ✓✓
- Lack of motivation leads to limited services, high cost and low-quality service delivery. ✓✓
- There is no measurement of effectiveness or productivity and few rewards for outstanding performance and penalties for poor performance. ✓✓
- There are not enough systems in place to evaluate the services that government employees give. ✓✓

BUREAUCRACY ✓

- Bureaucracy makes policies take long to be implemented or it is not implemented successfully ✓✓ for example, official rules and procedures ✓
- Bureaucrats tend to obey rules and procedures without judgements. ✓✓
- Government officials tend to be more interested in obeying rules than the efficient delivery of goods and services to the people. ✓✓
- Bureaucrats can manipulate policies to benefit themselves at the expense of the people. ✓✓

POLITICIANS ✓

- Politicians tend to promote policies and spend money on projects as long as they get votes in return. ✓✓
- These policies might involve an inefficient allocation of resources. ✓✓
- Politicians can also serve their own interests through corruption, personal and hidden agendas and suspicious motives. ✓✓

STRUCTURAL WEAKNESSES ✓

- Objectives are not met, such as full employment and houses for all are not realistic and attainable objectives. ✓✓
- Too aggressive redistribution of income and wealth may cause the government not to reach their macroeconomic objectives. ✓✓

SPECIAL INTEREST GROUPS ✓

- Groups such as labour unions and business groups can also cause government failure. ✓✓
- Trade unions can influence the government to pass certain laws to favour their members. ✓✓
- Business groups can influence the government to provide them with profitable contracts and favourable regulations. ✓✓
- Businesses may influence the government to distribute resources so that they can benefit at the expense of the country. ✓✓

(26)

ADDITIONONAL PART

How can the Government address the challenge of poor service delivery

Government can do one of the following :

- Employ skilled and trained people in all job categories ✓✓
- Deal with the issue of corruption in every sphere of government. ✓✓ There must be consequences for every act of corruption and even dismissal ✓✓
- Government must monitor every section of the public sector to ensure that what is supposed to be done is done ✓✓
- Training on the job must take place to if there is a need to ensure that the desired outcome is achieved ✓✓
- Induction when people are employed must take so that people know what is expected of them ✓✓
- Motivate those who are achieving the desired results in their corners ✓✓

(Accept any other correct relevant response)

(10)

CONCLUSION

Government should be very strict with managing the Public sector to ensure that government funds are not put to waste. ✓✓



INTRODUCTION

Forecasting involves predictions by certain sectors and institutions as to where the economy as to lead and the time it will take to reach that destiny. ✓✓

(Accept any other correct relevant response)

(2)

MAIN PART- features underpinning forecasting

Leading economic indicators ✓

- These are indicators that change before the economy changes/coincide with the reference turning point. ✓✓
- They give consumers, businesses and policy makers a glimpse of where the economy is headed. ✓✓
- They reach the peak before the economy reaches the peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓

- When these indicators show prosperity, the level of economic activities will also rise in a few months' time ✓✓ e.g. number of new vehicles sold, real exports of goods, etc. ✓

Coincident economic indicators ✓

- They move at the same time as the economy. If the turning point of a specific time series variable coincide with the reference turning point. ✓✓
- It indicates the current state of the economy ✓✓ e.g. retail sales. ✓
- If the business cycle reaches a peak and then begins to decline, the value of retail sales will reach a peak and then begin to decline at the same time. ✓✓

Lagging indicators ✓

- They do not change direction until after the business cycle has changed its direction. ✓✓
- They serve to confirm the behaviour of coincident indicators ✓✓ e.g. new machinery sold. ✓
- If the business cycle reaches the peak and begins to decline, we are able to predict the value of new machinery sold. ✓✓

Composite indicators ✓

- It is a grouping of various indicators of the same type into a single value. ✓✓
- The single figure forms the norm for a country's economic performance. ✓✓

Length ✓

- This is the time that it takes for a business cycle to move through one complete cycle. It is measured from peak to peak/trough to trough. ✓✓
- It is useful to know the length because the length tends to remain relatively constant over time. ✓✓
- If business cycles have longer length, we consider the economy to be strong. ✓✓

Amplitude ✓

- It is the difference between the total output between a peak and a trough. ✓✓
- It measures the distance of the oscillation of a variable from the trend line. It is the intensity of the upswing and downswing in economic activity. ✓✓
- The larger the amplitude the more extreme the changes that may occur. ✓✓

Trend ✓

- A trend is the movement of the economy in a general direction. ✓✓
- It usually has a positive slope because the production capacity of the economy increases over time. ✓✓

- Trends are useful because they indicate the general direction in which the economy is headed. It indicates the rate of increase or decrease in the level of output. ✓✓

Extrapolation ✓

- This is the technique of using past data to make predictions about the future. ✓✓
- It is also used to make economic predictions in other settings ✓✓ e.g. prediction of future share price. ✓

Moving average ✓

- It is a statistical analytical tool that is used to analyse the changes that occur in a series of data over a certain period of time. ✓✓
- Moving averages can be calculated for the past three months in order to smooth out any minor fluctuations. ✓✓

(Accept any other relevant and correct response)

(Both sub-headings and examples are marked to a maximum of 8 marks)

Max.

ADDITIONAL PART: Stanmorephysics.com

How can the secondary sector adapt to the economic fluctuations?

- Use should be made of Economists who are trained to analyse the economy and predict what is likely to happen. ✓✓
- Business should take note of this information and adjust their businesses accordingly. ✓✓
- Exposure to any information which may be relevant and is likely to affect the functioning of its business is very crucial ✓✓
- The sector should study new trends both locally and internationally to be able to adjust accordingly to avoid shutting down ✓✓
- Study consumption patterns both locally and globally, this will enable businesses to stay relevant and afloat. ✓✓
- Building financial resilience to be able to deal with any type of global challenge that may arise. ✓✓

(Accept any other relevant and correct response)

(10)

CONCLUSION

It is important for government to make it its duty to monitor the global economic situation carefully, implement relevant policies where necessary so as to ensure the smooth running of the economy at large. ✓✓

(Accept any other correct relevant higher order conclusion)

(2)
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 100

