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90761



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA



National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TAEA

Level 2 Economics, 2005

90761 Process and interpret statistical data in relation to given economic issues

Credits: Four

9.30 am Thursday 17 November 2005

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should answer ALL the questions in this booklet.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–10 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

<i>For Assessor's use only</i>		Achievement Criteria	
Achievement	<input type="checkbox"/>	Achievement with Merit	Achievement with Excellence
Process and interpret statistical data in relation to given economic issues.	<input type="checkbox"/>	Analyse statistical data in relation to given economic issues and recognise limitations of the data.	<input type="checkbox"/>
		Comprehensively analyse statistical data in relation to given economic issues.	<input type="checkbox"/>
Overall Level of Performance		<input type="checkbox"/>	

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You are advised to spend 40 minutes answering the questions in this booklet.

QUESTION ONE: EMPLOYMENT

- (a) The data in the table below are taken from the December 2004 Household Labour Force Survey (HLFS). Complete the table by calculating the missing figures for the labour force, unemployment rate, and working-age population.

Employed (000)	Unemployed (000)	Labour Force (000)	Unemployment Rate (%)	Non- Participants (000)	Working-Age Population (000)
2056	76	_____	_____	1015	_____
			(1 dp)		

- (b) The participation rate in December 2004 was 67.7%. Describe what this figure represents.

- (c) Give ONE limitation of the data collected in this survey.

- (d) In the December 2004 HLFS, 76 000 people were recorded as unemployed, but the number of people recorded as jobless was 149 500. Explain the difference between these two statistics.

QUESTION TWO: GROWTH

- (a) Use the data in the table below to calculate **real** Gross Domestic Product (GDP) per capita in 1999 prices.

Nominal GDP	Consumer Price Index (CPI) (base year 1999)	Population	Real GDP per capita (1999 prices)
\$120 000 million	1071	4 million	_____
			(no dp required)

- (b) (i) Describe what is measured by real GDP per capita.

- (ii) Give ONE limitation that should be taken into account when using real GDP per capita to measure economic activity.

- (c) Identify TWO different measures, other than those related to total production, that could be used to compare the standard of living of the population in two different countries.

Measure (1) _____

Measure (2) _____

Refer to the data in the table below to answer the questions that follow.

	Quarter	
	Jun 2004	Sep 2004
GDP (real annual growth rate %)	4.4	4.6
Consumption (real annual growth rate %)	5.7	5.9
Investment (real annual growth rate %)	13.2	14.9
Employment: full-time (1000s)	1561	1582
Employment: part-time (1000s)	442	442
Unemployment rate	4.0	3.8
Consumer Price Inflation (annual % rate)	2.4	2.5

Sources: www.stats.govt.nz, www.rbnz.govt.nz

- (d) (i) Explain the link between consumption growth, investment growth, and GDP growth.

- (ii) Use the data in the table related to growth and employment to explain the change in the unemployment rate.

- (iii) Explain how ONE factor **other than** those identified on this table could have contributed to the change in the rate of economic growth.

- (iv) Refer to the data in the table to explain how inequality might have changed in the quarter to September 2004.

QUESTION THREE: TRADE

- (a) Place a tick in the appropriate column to show how each of the transactions below would be classified in the Current Account. An example has been done for you.

Transaction	Balance on Goods	Balance on Services	Balance on Incomes	Balance on Current Transfers
Example: A New Zealand importer buys cars from Korea	✓			
(i) Interest is paid by a New Zealand firm on a loan from a bank in Japan.				
(ii) A New Zealander flies on a plane operated by Singapore Airlines.				
(iii) A New Zealand firm buys insurance cover from a British insurance company.				
(iv) The New Zealand Government makes a donation to the tsunami relief fund in Thailand.				

- (b) (i) Describe what the terms of trade indicates.

- (ii) Complete the table below by calculating the terms of trade index for December 2003.

	Export Price Index	Import Price Index	Terms of Trade Index
December 2003	867	838	_____

Refer to the data in the table below to answer the questions that follow.

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	Quarter	
	Jun 2004	Sep 2004
Export Receipts (\$m, year to date)	29 864	30 052
Import Payments (\$m, year to date)	33 378	34 135
Exports Volume Index	1 038	948
Imports Volume Index	1 395	1 361
Terms of Trade	1 080	1 078
Current Account Balance (% of GDP, year to date)	-4.8	-5.8
Exchange Rate (TWI)	64.2	67.1

Source: *www.stats.govt.nz*

- (c) (i) Explain what the data on export receipts and export volumes indicate has happened to export prices in the September quarter.

- (ii) Given your answer to (i), refer to the change in the terms of trade to describe what must have happened to import prices in the September quarter.

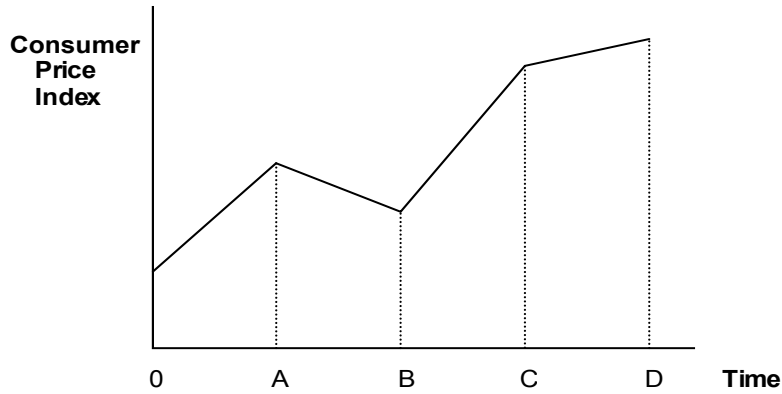
- (iii) Use the data on import payments and volumes to justify your answer to (c) (ii).

- (iv) If the TWI in the quarter to December 2004 increased to 70.0, explain what you would have expected to happen to export receipts, import payments, and the current account deficit.

QUESTION FOUR: INFLATION

- (a) Calculate the rate of inflation if the Consumer Price Index in 2004 was 1200 and in 2005 it was 1230.
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Refer to the graph below to answer question (b). Note that the vertical axis measures the Consumer Price Index.



- (b) Identify whether each period was a time of inflation, disinflation, or deflation.

Time Period	Inflation, disinflation, or deflation
0 to A	
A to B	
B to C	
C to D	

- (c) In a weighted price index, why are the price changes of different goods given different weightings?

- (d) Give ONE limitation of the Consumer Price Index when comparing inflation rates:

(i) over time. _____

(ii) between countries. _____

- (e) Explain the difference between the “Producer Price Index – inputs” and the “Producer Price Index – outputs”.
