Past-paper walk-through

The Loanable Funds Market ▪ 4.7

eXercise

Questions in this set

- 2025 Set 2 Q1
- 2024 Set 2 Q1
- 2023 Set 1 Q1
- 2022 Set 1 Q1
- 2022 Set 2 Q3
- 2021 Set 1 Q2
- 2019 Set 1 Q3
- 2019 Set 2 Q1
- 2018 Q2
- 2017 Q3

Questions in this set

- 2015 Q3
- 2014 Q1

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 1

2025 Set 2 ▪ Q1

Assume that the economy of Barrikos is in short-run equilibrium, with its economic data summarized in the table provided. The government budget is balanced, and the capital and financial account (CFA) balance is zero.

Cyclical unemployment rate	6%
Natural unemployment rate	4%
Structural unemployment rate	1%
Actual inflation rate	3%
Expected inflation rate	5%

Question 1

(a) What is the numerical value of the actual unemployment rate in Barrikos?

Question 1

Cyclical unemployment rate	6%
Natural unemployment rate	4%
Structural unemployment rate	1%
Actual inflation rate	3%
Expected inflation rate	5%