

Nothing is supplied. The calculations are short, but they appear in every data-response question, and the diagrams have to be drawn from memory with every label present. This booklet is both lists. ;

Calculations

Percentage change – $\text{change} \div \text{original value} \times 100$. The original is the earlier figure – using the later one is the most common mistake in the paper.

Price elasticity of demand – $\text{percentage change in quantity demanded} \div \text{percentage change in price}$. Ignore the minus sign when saying whether it is elastic; a value bigger than 1 is elastic.

Revenue – $\text{total revenue} = \text{price} \times \text{quantity}$. If demand is elastic, a price cut raises revenue; if inelastic, it lowers it. That single sentence answers a recurring question type.

Profit – $\text{profit} = \text{total revenue} - \text{total cost}$; $\text{total cost} = \text{fixed cost} + \text{variable cost}$.

Inflation rate – The percentage change in the consumer price index between two years. Note that falling inflation still means prices are **RISING**, only more slowly.

Unemployment rate – $\text{unemployed} \div \text{labour force} \times 100$. The labour force excludes anyone not seeking work, so students and retirees are not unemployed.

Economic growth – The percentage change in real GDP. Real means adjusted for inflation; nominal does not.

Balance of trade – $\text{exports} - \text{imports}$. A negative figure is a deficit.

Diagrams you must draw accurately

Demand and supply, with a shift of one curve and the new equilibrium marked with dotted lines to both axes.

The difference between a shift of the curve (a non-price factor) and a movement along it (a price change) – the exam tests this distinction directly.

Maximum and minimum prices, with the shortage or surplus marked.

The production possibility curve, with opportunity cost shown as a movement along it.

The circular flow of income between households and firms.

Definitions that carry numbers

Opportunity cost – the next best alternative given up. Name the specific alternative, not “what you lose”.

Real versus nominal – Real values are adjusted for inflation. A 5 per cent wage rise with 3 per cent inflation is a 2 per cent real rise.

Direct and indirect tax – Direct taxes are paid on income or wealth by the person who owes them; indirect taxes are on spending and are collected by the seller.

Progressive, proportional, regressive – Progressive takes a larger PERCENTAGE from higher incomes, regressive a smaller one. The word is about the percentage, never the amount.

Getting the marks

Show the calculation, not only the answer. A visible method earns a mark even when the arithmetic slips.

Use the data given in the source material by quoting the figure and the year. An analysis that never touches the data cannot reach the top band.

Command words control the length: “identify” is one line, “explain” needs a reason, “analyse” needs a chain of consequences, and “discuss” needs both sides and a judgement.