



**SECTION A**

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**QUESTION 1**

Choose the **MOST** correct option for Questions 1.1–1.20 and enter the letter corresponding to your choice in the block below.

1.1	
1.2	
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1.18	
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1.20	

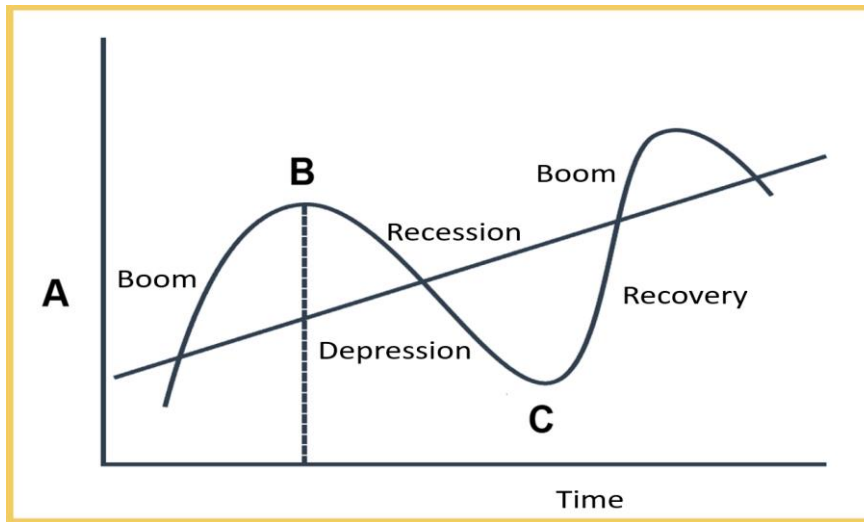
$$10 \times 2 = \frac{\quad}{20}$$

$$10 \times 3 = \frac{\quad}{30}$$

- 1.1 Which business cycle indicator tells us where the economy has been?
- A Leading indicator
  - B Lagging indicator
  - C Coincident indicator
  - D Extrapolation indicator
- (2)
- 1.2 **Identify** the stock exchange of Great Britain.
- A Nikkei
  - B CAC
  - C DAX
  - D FTSE
- (2)
- 1.3 Which type of inflation occurs when prices increase at a decreasing rate.
- A Deflation
  - B Hyperinflation
  - C Disinflation
  - D Stagflation
- (2)
- 1.4 What will cause a **shift** in the demand for a new cell phone?
- A A change in the cost of production of the new cell phone.
  - B A change in the price of the new cell phone.
  - C A greater variety and latest functions on the new cell phone.
  - D A specific tax levied on the new cell phone.
- (2)
- 1.5 Which ONE of the following is considered a macroeconomic objective of the South African government?
- A Price stability.
  - B Equal opportunities for all citizens.
  - C Economic development.
  - D A greater amount of imports.
- (2)
- 1.6 **Select** the four sections making up the current account of the Balance of Payments (BOP):
- A Trade in goods, Trade in services, Primary income flows and Current Transfers.
  - B Direct investment flows, Trade in services, Current Transfers.
  - C Trade balance, Unrecorded transactions, Capital transfers, Official reserve account.
  - D Hot money, Trade in goods, Primary income flows, Current Transfers.
- (2)

1.7 Study Diagram 1 below and answer the question that follows.

**Diagram 1: Business Cycle**



Letters A, B and C in Diagram 1 above represent ...

- A     **A:** Trend line **B:** Peak **C:** Trough.
- B     **A:** Economic Activity (Real GDP) **B:** Peak **C:** Trough.
- C     **A:** Time **B:** Trough **C:** Peak.
- D     **A:** Economic activity (Real GDP) **B:** Trough **C:** Peak. (2)

1.8 When the Income elasticity of demand for a good is negative, it implies that the good is a/an ...

- A     normal good.
- B     substitute good.
- C     complementary product.
- D     inferior good. (2)

1.9 The banking industry in South Africa is a good example of a/an ....

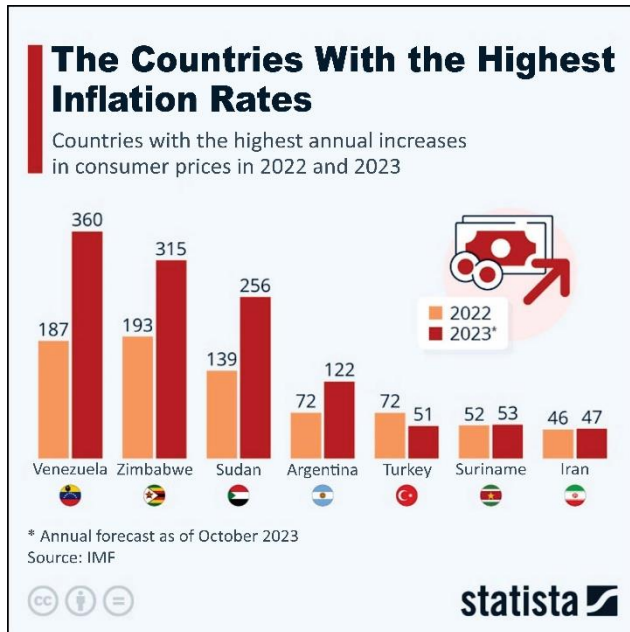
- A     monopoly.
- B     perfect market structure.
- C     oligopoly.
- D     duopoly. (2)

1.10 A cartel refers to ...

- A     firms selling the same goods or services to different groups of consumers at different prices.
- B     a few firms or individuals colluding to manipulate the price of a product or service to gain an advantage in the market.
- C     many firms working together to influence a market or pricing for their advantage.
- D     a commission that investigates, controls and evaluates restrictive business practices. (2)

1.11 Study Source 1 below and answer the question that follows.

**Source 1: Inflation**



What type of inflation is illustrated in Source 1 above?

- A deflation
- B hyperinflation
- C stagflation
- D shrinkflation

(3)

1.12 'After a price increase from R10 to R11, the quantity demanded decreased from 1000 units to 900 units.'

Calculate the Price elasticity of demand (PED) using the arc method.

- A -1,11 making the product elastic.
- B 0,90 making the product inelastic.
- C 0,98 making the product inelastic.
- D 0 making the product elastic.

(3)

1.13 Over a period of time, the value of the British pound (£) against the South African Rand (R) changes from £1 = R20 to £1 = R24. Ceteris paribus, this will most likely result in ...

- A a decrease in South Africa's budget deficit.
- B more South African tourists visiting the United Kingdom.
- C UK products becoming more expensive in South Africa.
- D a lower inflation rate in South Africa.

(3)

1.14 Study Table 1 below and answer the question that follows.

**Table 1: Cost and Revenue**

Quantity	Price	Total cost	Total revenue	Marginal revenue	Profit
0	6	10	0		
1	6	11	6		
2	6	13			
3	6	16			<b>C</b>
4	6	20		<b>B</b>	
5	6	25			
6	6	31	<b>A</b>		
7	6	36			

**Calculate** the missing values for A, B and C.

A     **A: 5 B: 6 C: 10**

B     **A: 36 B: 6 C: 2**

C     **A: 36 B: 4 C: 2**

D     **A: 5 B: 4 C: 10**

(3)

1.15 If the South African government increases indirect tax (VAT), the probable effect will be ...

	Demand-pull Inflation	Cost-push Inflation
A	increase	increase
B	increase	decrease
C	decrease	decrease
D	decrease	increase

(3)

1.16 These countries are part of SACU (Southern African Customs Union).

A     South Africa, Botswana, Lesotho, Zimbabwe and Mozambique.

B     Lesotho, Zimbabwe, Eswatini, Seychelles and Namibia.

C     South Africa, Mauritius, Lesotho, Zimbabwe and Mozambique.

D     South Africa, Botswana, Eswatini, Lesotho and Namibia.

(3)

1.17 Study Table 2 below and answer the question that follows.

**Table 2: National Accounts of 'Country X'**

National Accounting Aggregates 2023	Millions
GDP at market price	?
Primary income from the rest of the world	50 201
Primary income to the rest of the world	122 708
GNI	3 884 188

The value of the GDP at market price in Table 2 is ...

- A 3 811 681.
  - B 2 918 179.
  - C 3 956 695.
  - D 4 057 097.
- (3)

1.18 Which one of the following options distinguishes merit goods, demerit goods (merit bads) and public goods?

	Merit goods	Demerit goods	Public goods
A	Under-consumed in a free market	Over-consumed in a free market	Non-excludable
B	Free-rider problem	Under-consumed	No free-rider problem
C	Sugar	Vapes	Education
D	Government regulations and laws	Government can provide subsidies	Provided by the private sector

(3)

1.19 Study Table 3 and answer the question that follows.

**Table 3: Injections and Leakages**

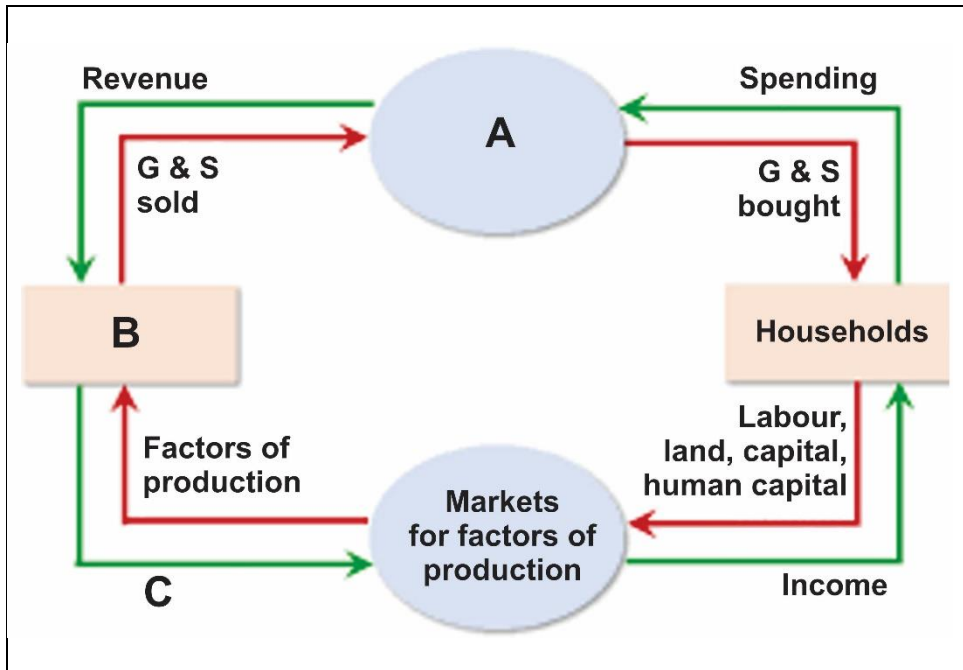
	R Billions
Investment	154
Exports	162
Tax	334
Savings	291
Imports	152
Government spending	726

The total injections for Table 3 above are ...

- A R1 819 trillion.
  - B R1 042 trillion.
  - C R777 billion.
  - D R1 501 trillion.
- (3)

1.20 Study Diagram 2 below and answer the question that follows.

**Diagram 2: Circular flow model**



Letters A, B and C in Diagram 2 above represent ...

- A     **A:** Financial market **B:** Government **C:** Factors of production.
- B     **A:** Market for goods and services **B:** Government **C:** Income.
- C     **A:** Market for goods and services **B:** Firms **C:** Remuneration for factors of production.
- D     **A:** Financial market **B:** Businesses **C:** Payment for factors of production.

(3)

**50 marks**

**SECTION B**

**QUESTION 2      MACROECONOMICS**

2.1 Study Table 4 below and answer the questions that follow.

**Table 4: South Africa's GDP 2021 and 2022 at current prices**

Items	2021 R millions	2022 R millions
Final consumption expenditure by households	3 838 229	4 209 539
Final consumption expenditure by government	1 201 482	1 269 160
<b>A</b>	818 549	941 944
Changes in Inventories	- 8 613	77 445
Residual Items	- 21 957	<b>C</b>
<b>B</b>	<b>5 827 690</b>	<b>6 494 909</b>
<b>D</b>	1 931 635	2 223 113
<i>Minus:</i> Imports of goods and services	<b>E</b>	2 089 471
<b>GDP at market prices</b>	<b>6 208 786</b>	<b>6 628 551</b>

[Source: <<https://www.resbank.co.za>>]

2.1.1 **Describe** the following economic terms from Table 4 above.

(a) *Change in Inventories*

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(2)

(b) *GDP at market prices*

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(2)

2.1.2 **Calculate** Gross Capital formation (I) for 2022.

**2022:**

(3)

2.1.3 **Complete** letters A to E. (You do not have to show your calculations.)

A: \_\_\_\_\_

B: \_\_\_\_\_

C: \_\_\_\_\_

D: \_\_\_\_\_

E: \_\_\_\_\_

(5)

2.1.4 **Use** the figures in Table 4 to **calculate** the economic growth rate for 2022. (Include the formula in your calculation.)

**2022:**

(5)

2.2

**'Africa-US trade: AGOA deal expires in 2025'**

[Source: <<http://theconversation.com>>]

2.2.1 **Write** out in full what the acronym AGOA stands for.

\_\_\_\_\_ (1)

2.2.2 **List** TWO countries other than South Africa that form part of the AGOA trade agreement.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (2)

2.2.3 **Analyse** the potential trade impact of AGOA coming to an end in 2025, on the South African economy.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

2.3 **Explain** with examples the THREE sections of the Financial Account of the Balance of Payments (BOP).

(a) Direct Investment Flows

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

(b) Portfolio Investments

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(4)

(c) Hot money or other Investments

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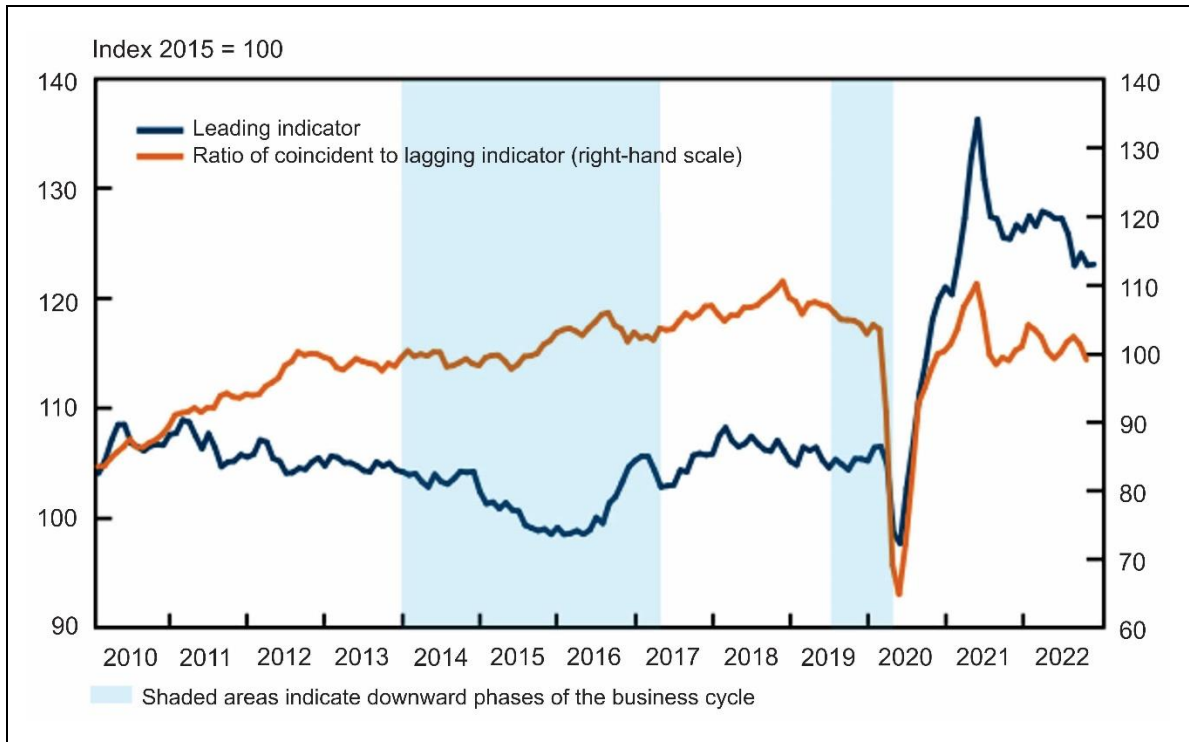
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(4)

2.4 Study Graph 1 below and answer the questions that follow.

**Graph 1: Composite business cycle indicators**



[Source: <<https://www.resbank.co.za>>]

2.4.1 Describe the following economic concepts:

(a) Business cycle

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(2)

(b) Recession

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(2)

2.4.2 Give TWO examples of leading indicators in an economy.

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(2)

2.4.3 **Analyse** what the leading indicators from 2021 to 2022 in Graph 1 are telling us about the South African economy in terms of the business cycle.

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(4)

2.4.4 Use an example to **discuss** why it is important for economic agents to be able to predict the future path of the economy.

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(4)

**[50]**

**QUESTION 3      MICROECONOMICS**

3.1 Study the headline below and answer the questions that follow.

**Headline 1: Competition Commission's rand manipulation case against the majority of banks**



[Source: <<https://businesstech.co.za>>]

3.1.1 Which imperfect market structure does the news headline as shown above, refer to?

\_\_\_\_\_ (1)

3.1.2 **Discuss** ONLY the negative impact of price-fixing on the economy.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

3.1.3 **Explain** any TWO recent cases of price-fixing that have been investigated by the Competition Commission of South Africa other than the headline above.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (4)

3.1.4 **Explain** in detail your understanding of Headline 1.

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(6)

3.2 Study Picture 1 below and answer the questions that follow.

**Picture 1: Some of the major players in the sneaker retail sector in SA**



[Source: <<https://logos-world.net>>]

3.2.1 **Compare** ANY FOUR characteristics of monopolistic competition with the industry depicted in Picture 1.

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3.3 **Explain** the following causes of market failure and clearly discuss with ONE relevant example, the **potential success** of the South African government's intervention.

(a) Negative externalities

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(4)

(b) Merit goods

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(4)

3.4

**'The price of a 10 kg bag of frozen chicken portions increased from 4% to 6%, and quantity demanded changed from 36 kg to 29 kg Year on Year.'**

[Source: Adapted from: <<https://www.farmersweekly.co.za>>]

3.4.1 **Calculate** the Price elasticity of demand for frozen chicken portions.

(3)

3.4.2 **Describe** ceteris paribus the law of demand and the law of supply.

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(4)

3.4.3 Use a clearly labelled demand and supply graph to illustrate the effect of the increase in the price of frozen chicken portions on the **demand** for fresh cheaper chicken portions.



(4)

**[50]**

**QUESTION 4 CONTEMPORARY ECONOMIC ISSUES**

4.1 An economist is an economic advisor to a developing nation that grapples with various economic challenges. The government is considering implementing several policy measures to address these issues. Match each policy measure or economic concept (listed in Column A) with its potential impact or consequence (listed in Column B).

Answer	Question Number	Column A	Letters	Column B
	4.1.1	Economic development	<b>A</b>	Calculates consumer price inflation by excluding the effects of interest rates on home loans.
	4.1.2	PPI	<b>B</b>	Trade-off between inflation and unemployment rates, illustrating the inverse relationship between the two.
	4.1.3	Phillips curve	<b>C</b>	Increase in the productive capacity of an economy from one time period to the next.
	4.1.4	Regressive tax	<b>D</b>	A measure of inflation at the wholesale level, influencing production costs and ultimately consumer prices.
	4.1.5	Privatisation	<b>E</b>	Curve shows the possible relationship between income tax and the total tax revenue received by the government.
			<b>F</b>	Increased income inequality and potential social unrest due to disproportionate burden on low-income earners.
			<b>G</b>	Transfer of state-owned enterprises to private ownership, potentially leading to increased efficiency but also concerns about accessibility and fairness.
			<b>H</b>	As the marginal rate of tax rises as income rises i.e. as people earn more income, the rate of tax on each extra rand earned goes up.
			<b>I</b>	Progress in human well-being and social indicators such as GDP per capita, literacy rates and life expectancy.

(10)



4.2.4 **Discuss** demand-pull inflation as a cause of inflation.

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(6)

4.2.5 **Evaluate** the impact of inflation on businesses.

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(8)

4.3 **Explain** the purpose of the following social indicators and how they can be used to measure the performance of the economy.

(a) Gini-coefficient

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(4)

(b) Life expectancy

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(4)

(c) GDP per capita

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(4)

4.4 **'South Africa's Gini-coefficient at 0,63'**

**Explain** THREE ways in which the government can improve the Gini-coefficient.

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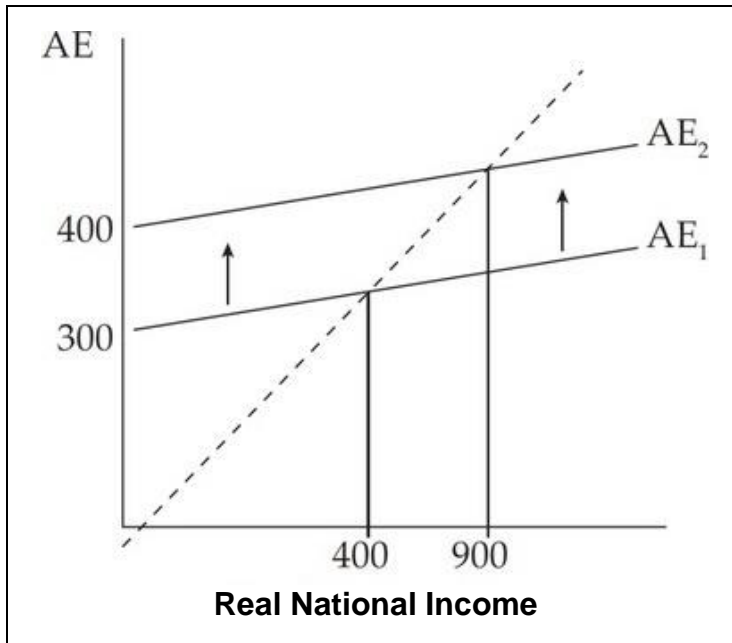
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(6)  
**[50]**

**QUESTION 5 MIXED QUESTIONS**

5.1 Study Graph 2 and answer the questions that follow.

**Graph 2: The multiplier process**



5.1.1 **Describe** the economic term *multiplier effect*.

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(2)

5.1.2 **Calculate** the multiplier for Graph 2 above (show all your calculations including the formula).

(4)

5.1.3 **Explain** with an example how the marginal propensity to consume can influence the multiplier.

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(4)

5.2 Use only a graph to explain the relationship between tax rates and tax revenue.



(4)

5.3 Study Source 2 below and answer the questions that follow.

**Source 2: Taxes**

**CARBON TAX**

An emission tax designed to get firms to internalize the negative externalities only imposed on society, i.e. production of emission from factories using fossil fuels that contribute to extensive droughts, flooding and rising sea levels.

Effective carbon tax rate will be between **R6 - R48** <sub>/tCO<sub>2</sub>e</sub> once the tax free allowances are taken into account.

The tax will have no net impact on electricity prices until 2020.

**WHO WILL BE AFFECTED?**  
Industry | Business | Citizens

**WHY?**  
It is a cost effective instrument, as part of a package of measures, to nudge our economy onto a more sustainable growth path.

South Africa as developing economy has ratified the Paris Agreement which requires sizable reductions in energy-greenhouse gas emissions in large emitters, including in developing economies.

**SO WHAT?**  
The simulations suggest that the introduction of carbon tax would lead to estimated decrease in emissions in South Africa of ...  
**13% TO 14,5% BY 2025 & 26% TO 33% BY 2035.**  
This will also lead to a reduction in local air pollution and restructuring of the SA economy to being less emissions intensive.

[Source: <<https://www.engineeringnews.co.za/article/carbon-tax-will-help-lower-south-africas-emissions-study-shows>>]

5.3.1 Explain whether 'carbon tax' is a Direct or Indirect tax.

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(2)

5.3.2 **Describe** why Source 2 refers to South Africa as a developing economy.

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(2)

5.3.3 **Explain** why the South African government would intervene to introduce such a tax.

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(4)

5.3.4 Use a fully labelled demand and supply graph to **demonstrate** the long-term impact of a carbon tax by government on the market for petrol in South Africa.

(5)



5.5 Extract 1:

**'South Africa's stable Outlook. Unshaken by Budget, Moody's Says.'**

[Source: <<https://www.bloomberg.com/news/articles/2023-11-02/south-africa-s-stable-outlook-unshaken-by-budget-moody-s-says>>]

5.5.1 **List ONE** other example of an agency similar to 'Moody's'.

\_\_\_\_\_ (1)

5.5.2 Refer to Extract 1 above and explain **what** 'Moody's' refers to.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (2)

5.5.3 Refer to Extract 1 above and **evaluate** to what extent 'Moody's' opinion poses a risk to the South African economy.

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\_\_\_\_\_  
\_\_\_\_\_ (8)  
[50]

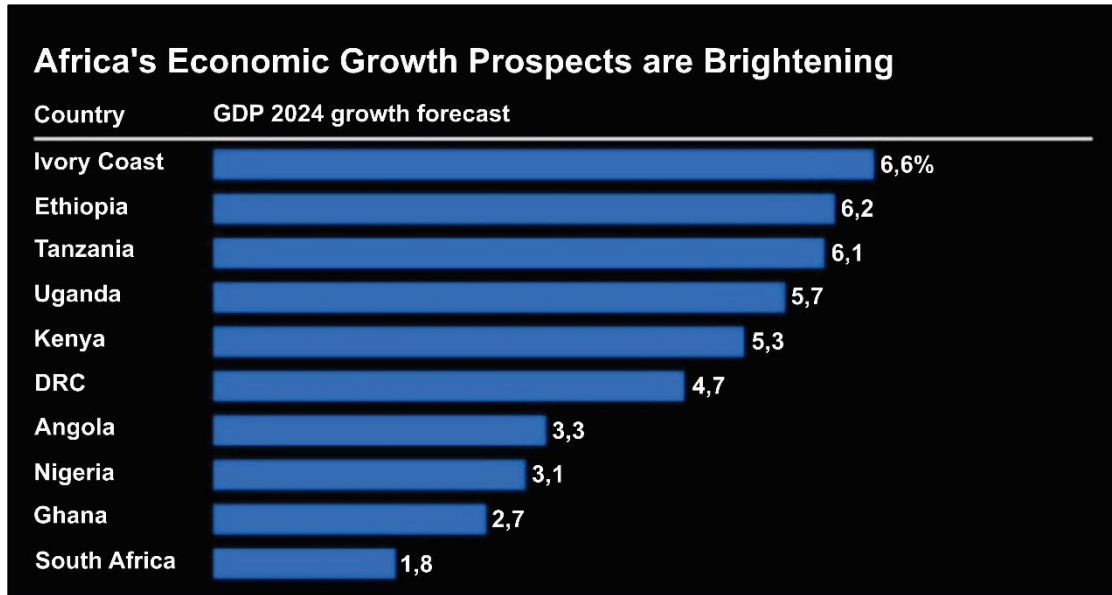
**200 marks**

**SECTION C**

**QUESTION 6 DATA RESPONSE**

6.1 Study Source 3 below and answer the questions that follow.

**Source 3: Six of the top-10 performing economies in the world are forecast to come from Sub-Saharan Africa in 2024, according to the IMF**



[Source: <<https://www.moneyweb.co.za/news/africa/african-nations-dominate-top-10-economic-growth-spots-in-2024>>]

6.1.1 **Write** out in full what the acronym IMF stand for.

\_\_\_\_\_ (1)

6.1.2 **Describe** the following economic terms:

(a) Extrapolation

\_\_\_\_\_  
 \_\_\_\_\_ (2)

(b) GDP

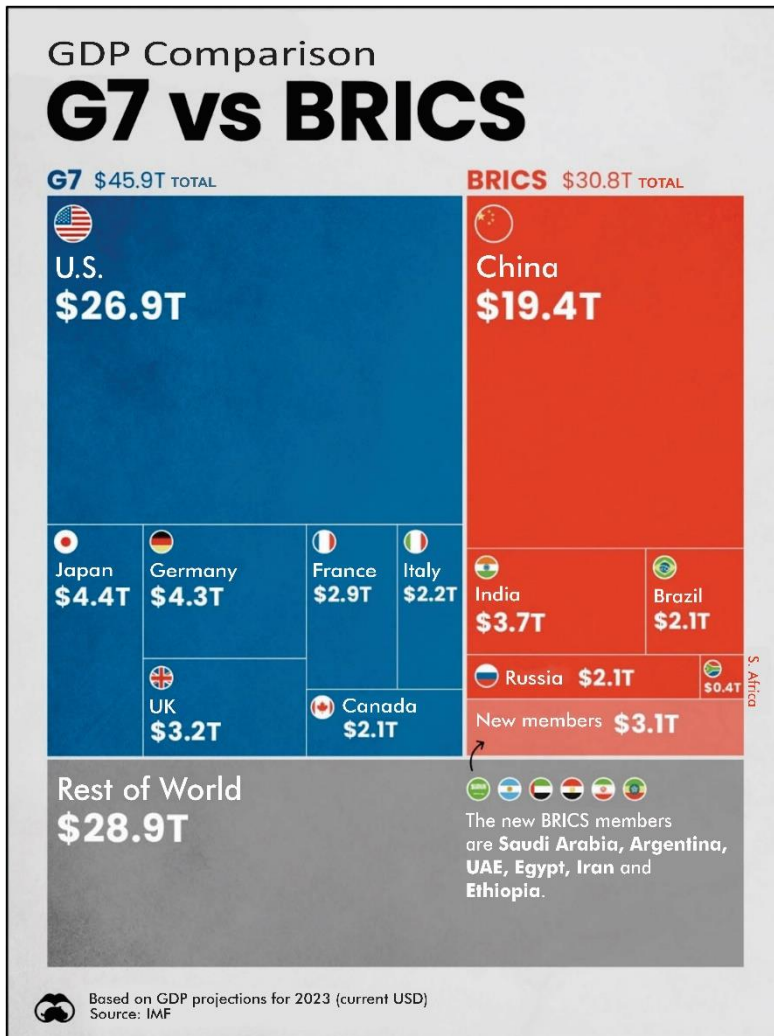
\_\_\_\_\_  
 \_\_\_\_\_ (2)





6.2 Study Source 4 below and answer the questions that follow.

**Source 4: GDP Comparisons**



6.2.1 Use your general knowledge to indicate in which year the **new** countries officially joined BRICS.

(1)

6.2.2 A financial advisor recommends that clients invest some of their money in the BRICS economies rather than the G7 economies. Comment on this advice and **give** TWO reasons for your answer.

(4)

6.2.3 With reference to Source 4, **identify** THREE advanced and THREE emerging economies.

**THREE advanced economies**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

**THREE emerging economies**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

(6)

6.3 Study Extract 2 and answer the questions that follow.

**Competition Commission warns schools of legal action after 220 complaints about uniform purchases**

[Source: <<https://www.dailymaverick.co.za/article/2024-01-10-competition-commission>>]

6.3.1 **Explain** TWO ways the South African government can intervene to address the market failure that occurs in the school uniform industry.

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

(4)

6.3.2 **Discuss** whether the price elasticity of demand for school uniforms is elastic or inelastic.

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

(4)





