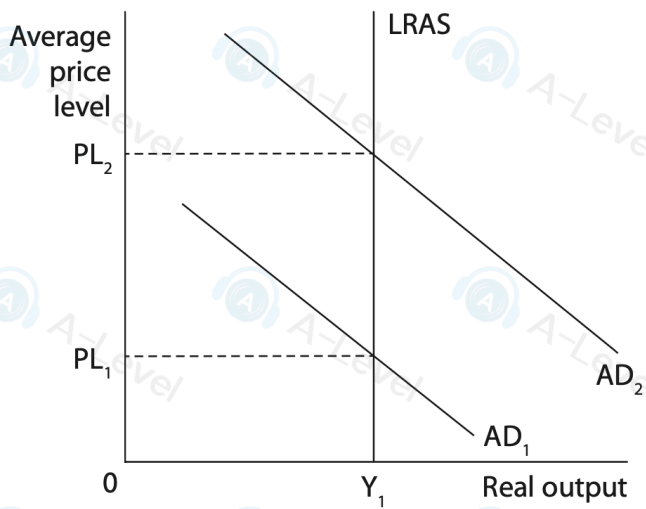
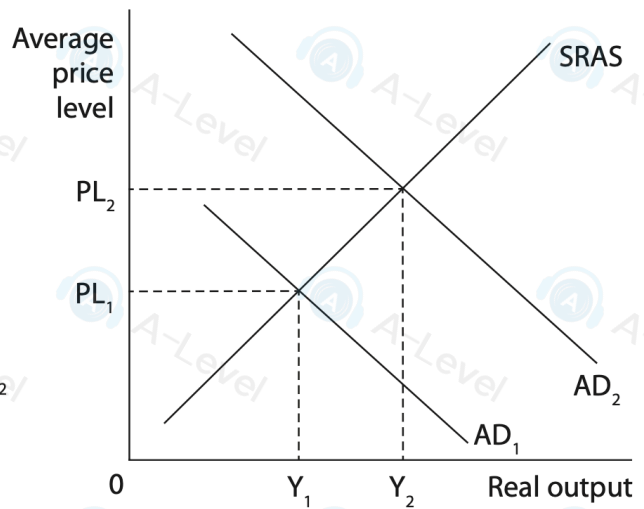


- 1 Which **one** of the following aggregate demand and aggregate supply diagrams below illustrates an economy experiencing **potential** economic growth?

A



B



- 4 Which **one** of the following would cause a leftward shift in a country's short-run aggregate supply (SRAS) curve?

- A A decrease in bank lending to consumers
- B A decrease in the rate of indirect tax
- C An increase in the price of natural gas
- D An increase in investment in healthcare

(Total for Question 4 = 1 mark)

- 1 Which **one** of the following will result in a movement along the AS curve?

- A An increase in the cost of raw materials
- B A decrease in the cost of energy
- C An increase in the price level
- D A decrease in the rate of indirect tax

(Total for Question 1 = 1 mark)

- 5 The table shows the estimated price elasticity of supply for cotton in selected countries.

Australia	0.46
Egypt	0.16
India	0.31
Mexico	1.08

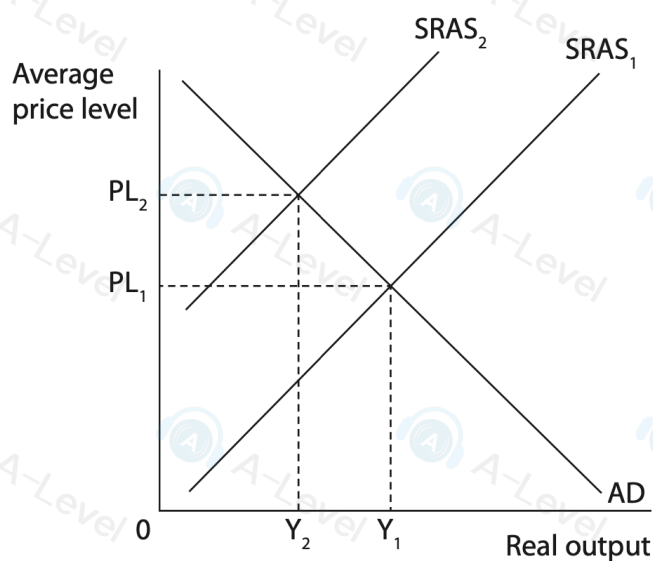
(Source: <http://www.fao.org/3/a-ah470e.pdf>)

Which **one** of the following can be deduced from the table?

- A Supply is price elastic in India
- B Supply is price inelastic in Mexico
- C Supply is least responsive to a change in price in Egypt
- D Supply is most responsive to a change in price in Australia

(Total for Question 5 = 1 mark)

- 6 The diagram shows the short-run aggregate supply curve and the aggregate demand curve for China's economy.



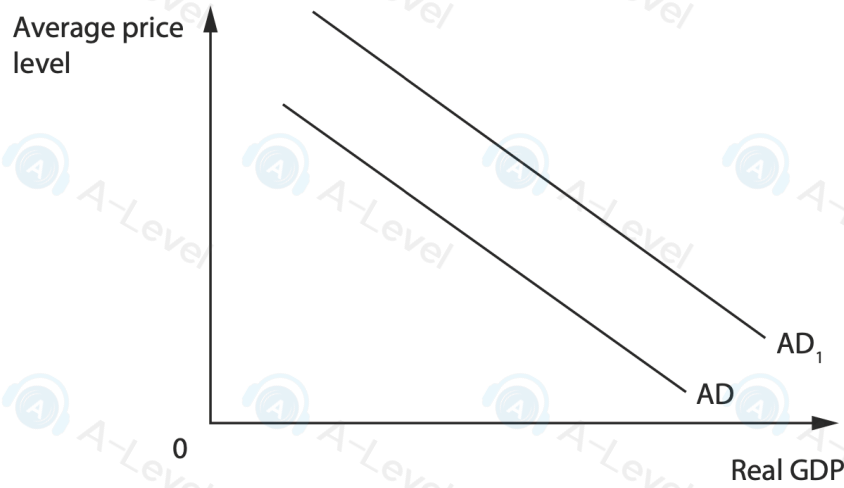
Which **one** of the following was the most likely cause of the change from $SRAS_1$ to $SRAS_2$?

- A An increase in energy prices
- B A decrease in indirect tax rates
- C An increase in investment in education
- D A decrease in bank lending to consumers

(Total for Question 6 = 1 mark)

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4 The diagram shows a shift in the aggregate demand curve for an economy.



Which of the following combinations was the most likely cause of the change from AD to AD₁?

	Interest rate	Exchange rate
<input type="checkbox"/> A	Rise	Fall
<input type="checkbox"/> B	Rise	Rise
<input type="checkbox"/> C	Fall	Fall
<input type="checkbox"/> D	Fall	Rise

(Total for Question 4 = 1 mark)

3 In 2024, Germany experienced an economic downturn caused by a fall in aggregate demand (AD).

Which **one** of the following would have contributed to this fall in AD?

- A An increase in business confidence
- B An increase in house prices
- C An increase in net exports
- D An increase in interest rates

(Total for Question 3 = 1 mark)