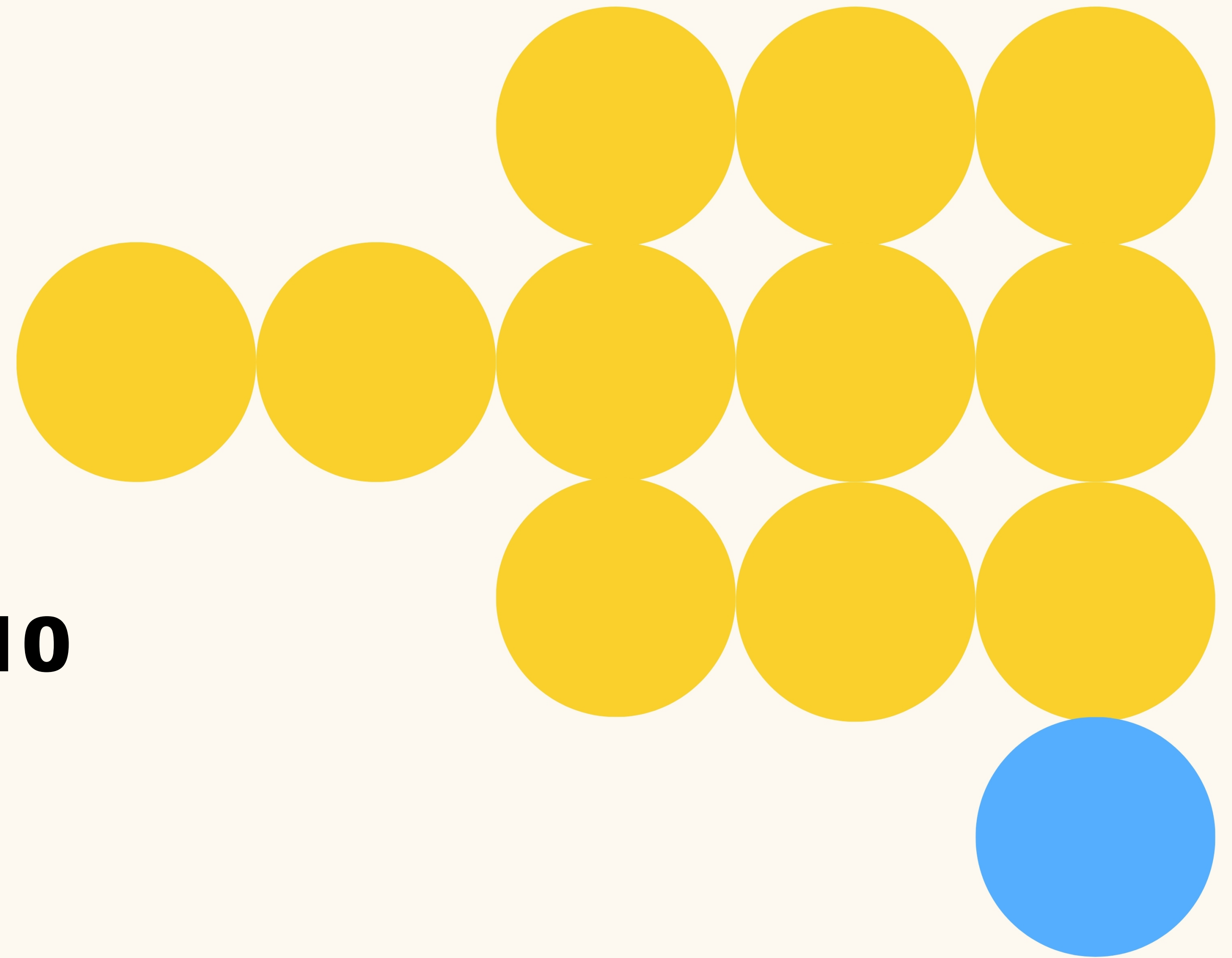


Household

Microeconomics - year10



Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



Recap

IGCSE Economics Exam Crash Course by Knockout.Economics

Chapter17 : Household

Part1-Multiple choice

1. What factors could lead to a decrease in household spending in a country?

- A a reduction in VAT
- B. Lower interest rates
- C. Higher consumer confidence
- D. A reduction in disposable income

Part1-Multiple choice

2. Under which circumstances are households are more likely to spend?

	Consumer confidence	Interest Rate
A	High	Low
B	High	High
C	Low	High
D	Low	Low

Part1-Multiple choice

3. A country's central bank raised the rate of interest from 5% to 10% per year. How would this change have affected the amount saved and the cost of borrowing by individuals?

	Amount saved	Cost of borrowing
A	decreased	decreased
B	decreased	Increased
C	Increased	decreased
D	Increased	Increased

Part1-Multiple choice

4. If the central bank of a country lowers interest rates to stimulate the economy during a recession, how is this reduction in interest rates likely to impact the levels of saving in and borrowing from the country's commercial banks?

	Saving	Borrowing
A	decreased	decreased
B	decreased	Increased
C	Increased	decreased
D	Increased	Increased

Part1-Multiple choice

5. What might cause consumers in a rich economy to both save more and spend more?

- A. an increase in interest rate
- B. Expectation that price of goods and services will fall in the future
- C. an increase in wealth
- D. higher income tax rate

Part2- Essay

1. Analyse the reasons why people in one country may borrow more than those in another country. [6]
2. Examine whether an increase in the savings rate is advantageous for an economy. [8]

Part2- Essay (Continue)

2. Examine whether an increase in the savings rate is advantageous for an economy. [8]

The End

