# A2 Teacher marking exercise

*IQM3005 Economics Assessment 2 Individual presentation*

**INTERNAL ONLY | Updated documentary extracts aligned to current simulated scripts**

Use the approved assessment and marking guidance with these selected extracts. Record evidence and criterion judgements independently before consulting the separate commentary. A selected extract does not establish a whole-script, whole-presentation or whole-submission mark. Marks remain documentary proposals pending subject review.

The delivery records and spoken scripts are simulated evidence only. They do not establish live presentation quality, oral delivery, authorship or observed performance. Mark only the documentary evidence shown here.

## Selected slide and spoken evidence: imported input costs

### S01 secure application

The ONS producer-price bulletin reports UK manufacturing input prices were 24.0% higher in June 2022 than a year earlier. Within the same bulletin, the annual rate for imported materials and fuels purchased was 21.4%, and fuel excluding the Climate Change Levy was 52.9%. These are annual rates: they compare June 2022 with June 2021, rather than measuring one month's increase.

Evidence and proposed judgement: _____

Reason: _____

### S02 partial application

The ONS producer-price bulletin says input prices for UK manufacturing rose 24.0% in the year to June 2022. Imported materials and fuels purchased rose 21.4% over the same year. These are annual rates of change, not how much the prices changed during June alone.

Evidence and proposed judgement: _____

Reason: _____

### S03 factual but limited

The ONS reports UK manufacturing input prices rose 24.0% in the year to June 2022. Imported materials and fuels rose 21.4% in the year to June 2022. The ONS also reported fuel excluding the Climate Change Levy had an annual increase of 52.9%.

Evidence and proposed judgement: _____

Reason: _____

## Selected slide and spoken evidence: AD AS mechanism

### S01 developed mechanism

This diagram shows the initial imported-cost shock. Before the shock, aggregate demand intersects short-run aggregate supply at $E_1$. With AD unchanged, higher energy and electricity costs raise many firms' costs. At each price level, some firms are now willing to supply less output, so short-run aggregate supply shifts left from $SRAS_1$ to $SRAS_2$. The new short-run equilibrium $E_2$ has a higher price level and lower real output, assuming the AD curve and other conditions stay the same.

Evidence and proposed judgement: _____

Reason: _____

### S02 partial mechanism

In the diagram, the price level is up the side and real output is along the bottom. AD is the demand curve. SRAS is the short-run supply curve. If gas costs rise, firms have higher costs. This means supply goes down, shown by SRAS moving left from SRAS one to SRAS two.

Evidence and proposed judgement: _____

Reason: _____

### S03 error to diagnose

When Bank Rate rises, this shifts SRAS left as well as reducing spending. It can lower inflation.

Evidence and proposed judgement: _____

Reason: _____

## Selected task: objective and trade off

S01: The Bank's stated objective is to meet the 2% inflation target while supporting sustainable growth and employment. Restricting AD can reduce demand-side pressure on prices, but higher rates can weaken real output and employment.

Evidence and proposed judgement: _____

Reason: _____

S02: The policy is related to the inflation target because higher rates can make demand weaker and reduce price pressure. However, the imported input-price increase is a supply shock. The higher interest rate does not fix that shock. It could also make output lower if spending falls.

Evidence and proposed judgement: _____

Reason: _____