AQA A-LEVEL ECONOMICS · 7136

ECONOMICS



EXAM QUESTION PACK

3.2.1.3 USES OF INDEX NUMBERS

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1. An economy's GDP increased from £400 billion in 2016 to £428 billion in 2018. Using 2016 as the base year, what is the value of the index for GDP in 2018?

A 103.5 ⬭

B 106.5 ⬭

C 107.0 ⬭

D 128.0 ⬭

[1 mark]

2. 'Inflation needs to be avoided at all costs but it is nowhere near as damaging to an economy as deflation.'

Explain how inflation is measured in the UK through indices such as the Retail Prices Index (RPI) and the Consumer Prices Index (CPI).

[15 marks]

3. **FREE SCHOOL MEALS**

Extract A: Index of average household disposable income, and index of food prices, in the UK 2008 to 2012 (2008 = 100)

Year	Disposable income	Food prices
2008	100	100
2009	102	106
2010	105	109
2011	110	114
2012	108	118

Note: All figures are rounded Source: Official statistics, October 2013

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4. The table below shows details for a weighted price index which contains only two products, X and Y.

Product	Year 1 price (£)	Year 2 price (£)	Weight
X	10	12	2
Y	20	18	1

If Year 1 is the base year, what is the value of the weighted index in Year 2?

A 100 ⬭

B 105 ⬭

C 110 ⬭

D 120 ⬭

[1 mark]

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5. Using **Free School Meals Extract A**, identify **two** significant points of comparison between the changes in the index of average disposable income and the changes in the index of food prices over the period shown.

Comparison 1

Comparison 2

[4 marks]

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6. The table below shows indices for real GDP and consumer prices in an economy over six quarters.

Quarter	Index of real GDP	Index of consumer prices
1	106	100
2	105	105
3	104	111
4	105	116
5	107	120
6	110	123

During these six quarters the economy experienced

A deflation and a recession. ⬭

B disinflation when in recession. ⬭

C disinflation when recovering from recession. ⬭

D rising inflation when recovering from recession. ⬭

[1 mark]

7. The table below shows the Consumer Prices Index for a country over a number of years.

Year	End of year prices index
1	100
2	98
3	103
4	105
5	106
6	104
7	107

Which one of the following statements is correct?

A The country suffered disinflation in Year 5 ⬭

B The inflation rate was highest in Year 7 ⬭

C The only time the country suffered deflation was in Year 2 ⬭

D Real incomes fell between Year 1 and Year 7 ⬭

[1 mark]

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8. The following table shows the real GDP of an economy from 2012 to 2016.

Year	2012	2013	2014	2015	2016
Real GDP (£bn)	213	215	245	256	271

If the figures were converted to index form with 2013 as the base year, what would be the value of the index (to the nearest whole number) in 2016?

A 124 ⬭

B 125 ⬭

C 126 ⬭

D 127 ⬭

[1 mark]

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