

THE PRIORY ACADEMY
LSST

Sixth Form Induction Day
Economics Taster Session



Read the article on your sheet and have a go at answering the Qs

What is inflation?

Prices in the UK rose by 2.3% in the year to April 2024 - the lowest rate since September 2021.


However, this is still above the Bank of England's 2% inflation target, so it is not yet clear whether the Bank will decide to cut interest rates when it meets in June.

For example, if a bottle of milk costs £1 but is £1.05 a year later, then annual milk inflation is 5%.

How is the UK's inflation rate measured?

The prices of hundreds of everyday items, including food and fuel, are tracked by the Office for National Statistics (ONS). This virtual "basket of goods" is regularly updated to reflect shopping trends, with **vinyl records** and **air fryers** added in 2024, and hand sanitiser removed.

What is in and out of the inflation basket?

IN	OUT
 Air fryer	 Hand sanitiser
 Vinyl music	 Sofa bed
 Rice cakes	 Rotisserie chicken
 Gluten-free bread	 Bakeware
 Spring oil	

Source: ONS, Images: Getty

ONS

The ONS monitors price changes over the previous 12 months to calculate inflation.

What are the consequences of high rates of inflation like the UK recently experienced?

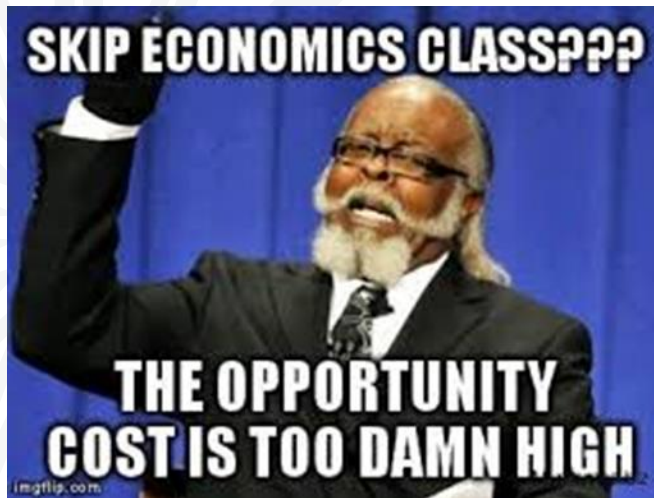
CPI measures the change in the value of a basket of goods. Why are some items 'in' and some items 'out'?

What causes inflation?



A Level Economics

- Why have you chosen this course?
- What are you expecting?



The bigger picture! – The Course

Year 1

Microeconomics:

- The Economic Problem
- The Allocation of Resources in Competitive Markets
- Production and Efficiency
- Market Failure
- Government Intervention in the Market

Macroeconomics

- The Measurement of Macroeconomic Performance
- How the Macroeconomy Works
- Economic Performance
- Macroeconomic Policy



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Year 2

Microeconomics:

- Economic methodology and the economic problem
- Individual economic decision making
- Price determination in a competitive market
- Production, costs and revenue
- Perfect competition, imperfectly competitive markets and monopoly
- The labour market
- The distribution of income and wealth: poverty and inequality
- The market mechanism, market failure and government intervention in markets

Macroeconomics:

- The measurement of macroeconomic performance
- How the macroeconomy works : the circular flow of income, AD/AS analysis, and related concepts
- Economic performance
- Financial markets and monetary policy
- Fiscal policy and supply-side policies
- The international economy

The bigger picture! – The Assessment

The A-level is assessed by three two hour written exams at the end of the course:

- **Paper 1:** microeconomics – 1 x context Q (2, 4, 9 and 25 marks Qs) and 1 x essay (15 and 25 mark Qs)
- **Paper 2:** macroeconomics - 1 x context Q (2, 4, 9 and 25 marks Qs) and 1 x essay (15 and 25 mark Qs)
- **Paper 3:** economic principles and issues - the synoptic paper. MCQs, analysis and an essay



The bigger picture! – What the examination requirements are

- A01: Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues
- A02: Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues
- A03: Analyse issues within economics, showing an understanding of their impact on economic agents
- A04: Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues



Top tips for studying Business at A Level

You need to be able to:

- Interpret data (statistics and graphs)
- Draw diagrams and graphs
- Make calculations
- Write clearly and concisely and in a logical manner
- Analyse data and theory
- Evaluate this data and theoretical concepts
- Make recommendations based on the above



What do I need to do to prepare before September?

Some summer jobs:

- Look at the specification from the examination board – [AQA | AS and A-level | Economics | Specification at a glance](#)
- Read some topic related books. Some suggestions include:
 - Freakonomics series (Levitt & Dubner)
 - The undercover Economists series (Tim Harford)
 - Behavioural Economics Saved My Dog: Life Advice For The Imperfect Human (Dan Ariely)
 - Nudge (Richard Thaler)
 - Misbehaving. The Making of Behavioural Economics (Richard Thaler)
 - Predictably Irrational: The Hidden Forces That Shape Our Decisions (Dan Ariely)
 - The Smartest Guys in the Room: The Amazing Rise and Scandalous Fall of Enron (Bethany McLean)
- See the school website for further reading suggestions and transition work
- Over the summer make sure you complete the transition work which can be found on the website – this is to be submitted on your first Economics lesson in September

