

JC BUSINESS



HUB

TEACHER PLAYBOOK



Learning Outcome 3.9

3.4 Explain the relevance of economic indicators such as inflation, employment rates, interest rates, economic growth, national income and national debt for individuals and the economy

Summary of Qs asked 2019-2025 on Learning Outcome 3.9

2019 Sample Paper Q2	(a) Use a graph to find the highest inflation value (b) One impact of high inflation on consumer	Identifying a value from a graph, impact of indicator	-
2019 Q18 (c)	(i) Use a graph to indicate good or bad trend (ii) One impact of unemployment trend on individual and economy	Identifying trend from a graph, impact of indicator	12m
2022 Q7	(i) Definition 'interest' (ii) Impact of low interest on borrowing	Definition, impact of indicator	6m
2022 Q14	Use a graph to identify trends	Identifying trends from a graph	6m
2023 Q18 (a)	(i) Use a graph to find the highest inflation value (ii) State how inflation is measured (CPI) (iii) One impact of high inflation on individual and business	Identifying a value from a graph, definition, impact of indicator	12m
2024 Q5	Two benefits/positive impacts of higher employment on the economy	Impact of indicator	6m
2025 Q3	(i) Identify data/trend from an infographic (ii) One benefit/positive impact of higher employment on the economy	Identifying trends from an infographic, impact of indicator	6m
2025 Paper Q16 (c) (iii)	Impact of a rise in interest rates on savings and borrowing	Impact of indicator	6m
2025 Q18 (i) (ii)	(i) Use a graph to find the highest inflation value (ii) Explain one cause of inflation	Identifying a value from a graph, cause of inflation	8m

Key skills required so far answering the JC Exam:

1. Reading a graph to identify values or trends for economic indicators
2. Explaining the impact of a change in an economic indicator on an individual, business or economy (government)
3. Defining or explaining an indicator, how an indicator is measured, or how it is caused



Topic	Workbook Qs	Skills Tested
Inflation	Q1–Q5	Read graph, identify trend, explain impact, causes of inflation
Employment / Unemployment	Q6–Q8	Identify trends, full employment, impact on economy/ind/bus
Interest Rates	Q9–Q13	Impact on saving, borrowing, economy, read graph
National Income	Q14	Definition, purpose, compare countries
Economic Growth	Q15–Q16	Positive vs negative growth, impact on economy
National Debt	Q17	Causes, effects, surplus / deficit link



Page 1 Intro Activity

Teaching points

- Indicators = **statistics** showing how economy is performing
- Used by **individuals, businesses, government**
- Link to cost of living, jobs, borrowing, tax

Push language coming up in the chapter:

- good trends / bad trends (can use positive / negative, exam papers used "good" and "bad")
- cost of living
- disposable income
- economic growth
- standard of living
- Link government revenue/expenditure and budget to our economy impact
- Debt

Goal → students understand indicators measure the health of the economy

Page 1 Class Activity Activate Prior Knowledge (True / False + good / bad trend)

Key ideas → introduce all indicators before teaching them

Check students know:

- inflation = prices rising
- unemployment = people without jobs
- interest = cost of borrowing / reward for saving
- growth = economy getting bigger
- national debt = government owes money

Prompts

- If inflation rises, what happens to how much business spend on production? What will that do to prices they sell? Eg Coffee shop, dairy prices up -> coffee prices up
- If unemployment falls, is that good or bad?
- If interest rates fall, is borrowing easier?

Teaching note

Try show students need to link a trend → impact

Exam skill

Identify trend + say good or bad



Class Activity 35.1 Causes of Inflation**Key ideas** → Reading graphs is essential

Causes of inflation -> demand pull / cost push / government induced

Push students to explain cause and how it causes it → X happen so price rises due to Y

Prompts to encourage explaining the cause

- Why would prices rise if demand increases? What is the word beginning with 'S' that summarises when demand is greater than supply / not enough of something?
- Why would businesses raise prices if costs rise?
- How can government taxes cause inflation? Name an example of something that costs more now in day to day lives (sugary drinks)

Expected answers

Demand-pull → demand > supply → scarcity → prices rise

Cost-push → higher costs → firms raise prices

Government → tax increases → prices increase

Teaching note

Push full explanation structure

Cause → effect → prices rise

Exam tip

One word answers not enough



Class Activity 35.2 — Impact of Inflation

Key ideas → impact on individual / business / economy

Key ideas → Reading graphs is essential, using data from the graph

Prompts

- What happens if prices rise faster than wages?
- What happens to business costs?
- What might government do if inflation rises?

Identify one other positive and one negative trend in inflation from the data.

Answer

Highest: 2022

2024 inflation is 2.1% (v close to target of 2% so good) and it fell from 6.3% (down 4.2%) in 2023 – this is a good trend as it moves closer to 2% / prices are increasing at a slower rate than in 2023.

NOTE: Students can get confused by decreased inflation.

Going from 6.3% to 2.1% is positive because price increases are smaller — but prices are still rising.

A fall in inflation does NOT mean prices fall – and low price increases is seen as positive as wages should also increase / low or negative inflation signals a weak economy.

Good answers structure

The Change “higher/lower” → the result of the change “reduces/increases ...”

Impact of inflation falling from 5% to 2%

Good answers must show **change** → **result** → **impact**

Individuals

Lower inflation means prices rise more slowly → purchasing power falls less → standard of living is easier to maintain.

Businesses

Lower inflation means costs increase more slowly → easier to plan prices → profits more stable.

Economy

Lower inflation reduces pressure on the ECB to increase interest rates → borrowing stays cheaper → supports economic growth.



Class Activity 35.3 — Identify trends in employment figures**Key ideas** → Reading graphs correctly**Key ideas** → Identify positive / negative trends**Key ideas** → Link unemployment to full employment (~4%)**Prompts**

- What unemployment rate is closest to full employment?
- Is a fall in unemployment good or bad?
- Does a rise in unemployment represent a positive or negative trend?
- Always compare with the previous year.

a. The unemployment rate was closest to full employment in 2026

False

Closest to 4% was 2025 (4.7%)

b. The unemployment rate decreased in 2024 from the previous year

True

It fell from 7.2% to 6.4%

c. There was a positive trend in the unemployment rate for 2025 when compared with the previous year

True

Unemployment fell from 6.4% to 4.7%, which is a good trend.

d. The highest rate of unemployment occurred in the country in 2025

False

Highest unemployment was in 2023 (7.2%)



Class Activity 35.4 — Impact of Interest Rates

Key ideas → Impact of interest rates on saving and borrowing

Key ideas → Reading data from a graph

Key ideas → Link interest rates to spending and economic growth

Prompts

- What happens when interest rates rise?
- What happens to loans when rates increase? Keyword: “**Cost** of repayments”
- Why would savings increase when rates rise? Keyword: “**Reward** for savings”
- Why might the ECB increase interest rates?

Answers (Part A — True / False)

The ECB interest rate increased between 2022 and 2023 from 2% to 4.5% **True**

Savings would likely increase in 2023 from 2022 **True**

Higher interest rates mean higher return on savings.

Interest rates fell between 2023 and 2024 **True**

Rates fell from 4.5% to 3.4%

Interest rates in 2025 were lower than in 2022 **False**

2025 = 2.15%, 2022 = 2.0% (slightly higher in 2025)

Savings

Higher interest rates mean banks pay more interest (higher **reward** for saving) → people save more → saving becomes more attractive.

Borrowing

Higher interest rates make loans more expensive → repayments increase → people borrow less.

Push students to include

higher / lower → result → impact

Part C — True / False (Impact of interest rates)

Higher interest rates increase repayments reducing disposable income **True**

Lower interest rates increase borrowing because loans are cheaper **True**

Higher interest rates reduce consumer spending **True**

Lower interest rates can increase economic growth by increasing borrowing and spending

True

