

JC BUSINESS

HUB

STUDENT WORKBOOK



Chapter 35 Keyword Summary – Economic Indicators

Inflation	<ul style="list-style-type: none"> • Measures the rise in the price of goods and services over time in an economy. • Measured in Ireland by the CSO using the Consumer Price Index (CPI). • Used to calculate changes in the cost of living. • Causes: Demand-pull (high demand creates scarcity and pushes prices up) Cost-push (higher costs lead firms to raise prices to maintain profits) Government-induced (eg increases in VAT lead to higher prices). <p>Impact of changes in inflation</p> <p>Individuals: Stable prices make it easier to plan as purchasing power remains similar; rising inflation reduces purchasing power leading to a lower standard of living.</p> <p>Businesses: Stable prices allow firms to maintain profits; rising inflation mean higher costs reducing profits or forcing price increases.</p> <p>Economy: Stable inflation supports steady growth; high inflation may lead to higher government spending on cost of living supports.</p>
Employment / Unemployment	<ul style="list-style-type: none"> • Employment rate: Percentage of people of working age in paid work. • Unemployment rate: Percentage of the labour force actively seeking work but unable to find it. • Around 4% unemployment = full employment in an economy • Positive trend: fall in unemployment / rise in employment. • Negative trend: rise in unemployment / fall in employment. <p>Impact of changes in employment/unemployment:</p> <p>Individuals: Employment provides income and improves standard of living; unemployment reduces disposable income lowering standard of living.</p> <p>Businesses: More employment increases consumer demand increasing sales; high unemployment reduces sales.</p> <p>Economy: Higher employment increases tax revenue (higher PAYE, USC); higher unemployment increases government spending on Jobseeker’s Allowance.</p>
Interest Rates	<ul style="list-style-type: none"> • The cost of borrowing or the reward for saving (expressed as a %). • Higher rates: savings increase; borrowing becomes more expensive. • Lower rates: savings decrease; borrowing becomes cheaper. • Interest rates are set for Ireland by the European Central Bank (ECB).



	<p>Impact of changes in interest rates:</p> <p>Individuals: Higher rates increase loan repayments reducing disposable income; lower rates reduce repayments increasing disposable income.</p> <p>Businesses: Higher rates make expansion more expensive; lower rates encourage investment/expansion.</p> <p>Economy: Higher rates reduce spending and inflation; lower rates increase borrowing and economic activity.</p>
<p>National Income</p>	<ul style="list-style-type: none"> • The total income earned in a country over a period of time. • Measured using GDP (production within Ireland) and GNP (GDP adjusted for foreign income flows). • Used to compare economic performance and living standards.
<p>Economic Growth</p>	<ul style="list-style-type: none"> • The percentage increase in national income from one period to the next. • Positive growth indicates expansion; negative growth indicates contraction. • Two consecutive quarters of negative growth = recession. <p>Impact of changes:</p> <p>Individuals: Positive economic growth increases job opportunities raising income levels; Negative growth reduces employment opportunities lowering household income.</p> <p>Businesses: Growth increases demand and confidence improving sales and profits; recessions reduce sales, increasing risk of closures.</p> <p>Economy: Growth increases tax revenue reducing the need for government borrowing; recessions increase need for government borrowing/increased National Debt.</p>
<p>National Debt</p>	<ul style="list-style-type: none"> • The total amount of government borrowing • Managed by the National Treasury Management Agency (NTMA). • National Debt increases when government expenditure exceeds revenue (they need to borrow to pay for budget deficits) <p>Impact of changes:</p> <p>Individuals: Higher debt may lead to higher taxes reducing disposable income.</p> <p>Businesses: Rising debt can create economic uncertainty reducing business confidence and investment.</p> <p>Economy: Rising debt increases interest payments reducing funds available for public services.</p>



Inflation

Q1 (i) Define inflation

Q1 (ii) State the official measure of inflation in Ireland

C	P	I
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Q1 (iii) Explain three causes of inflation



Top Tip: 'Explain' means you need to state or write a cause and then explain how the cause leads to inflation – one word answers won't get full marks

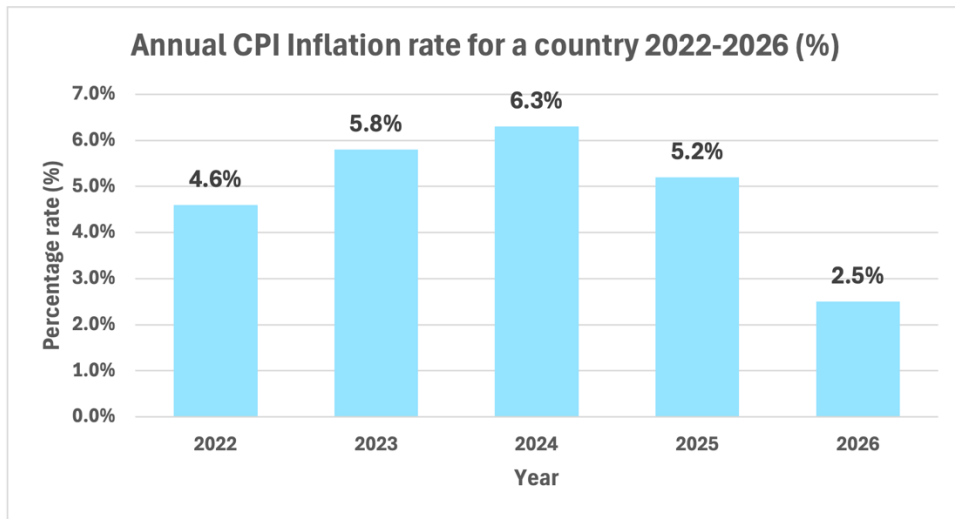
1.	
2.	
3.	

Q2 Place a ✓ in the correct column to indicate whether each statement is TRUE or FALSE

Statement	TRUE	FALSE
The European Central Bank (ECB) aims to keep inflation in the EU at 2%	<input type="checkbox"/>	<input type="checkbox"/>
Inflation measures changes in wages over time in an economy.	<input type="checkbox"/>	<input type="checkbox"/>
The Central Price Index (CPI) is used by the Central Statistics Office (CSO) to measure inflation in Ireland.	<input type="checkbox"/>	<input type="checkbox"/>
Demand-pull inflation occurs when the cost of production increases for businesses.	<input type="checkbox"/>	<input type="checkbox"/>
High inflation reduces purchasing power of individuals because goods and services become more expensive.	<input type="checkbox"/>	<input type="checkbox"/>



Q3



(a) Identify the year with the highest inflation rate

(b) Using data from the graph, explain what the bar chart show about changes in the inflation rate in this country from 2025 to 2026?

(c) Indicate with a ✓ in a box below if the trend in the inflation rate from 2025 to 2026 is a positive or negative trend for our economy

Positive

Negative

Explain your answer

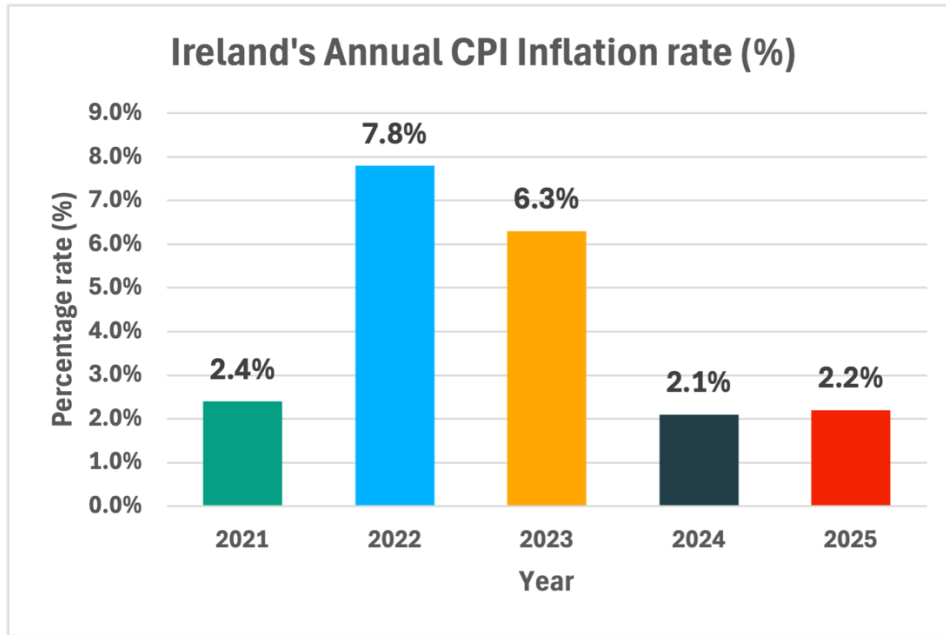
(d) The inflation rate increased from 4.6% to 5.8% from 2022 to 2023. Explain one impact a rising level of inflation can have on an individual **and** a business in your local area.

An individual:

A business in your local area:



Q4



(a) Based on the graph above, state whether the following statements are True or False.

Statement	TRUE	FALSE
The highest inflation rate occurred in 2022		
Inflation decreased between 2022 and 2023		
The inflation rate in 2025 was the closest to the ECB target rate of 2%		
There was a positive trend in inflation between 2021 and 2022		

(b) Explain how changes in the level of demand from consumers can cause inflation

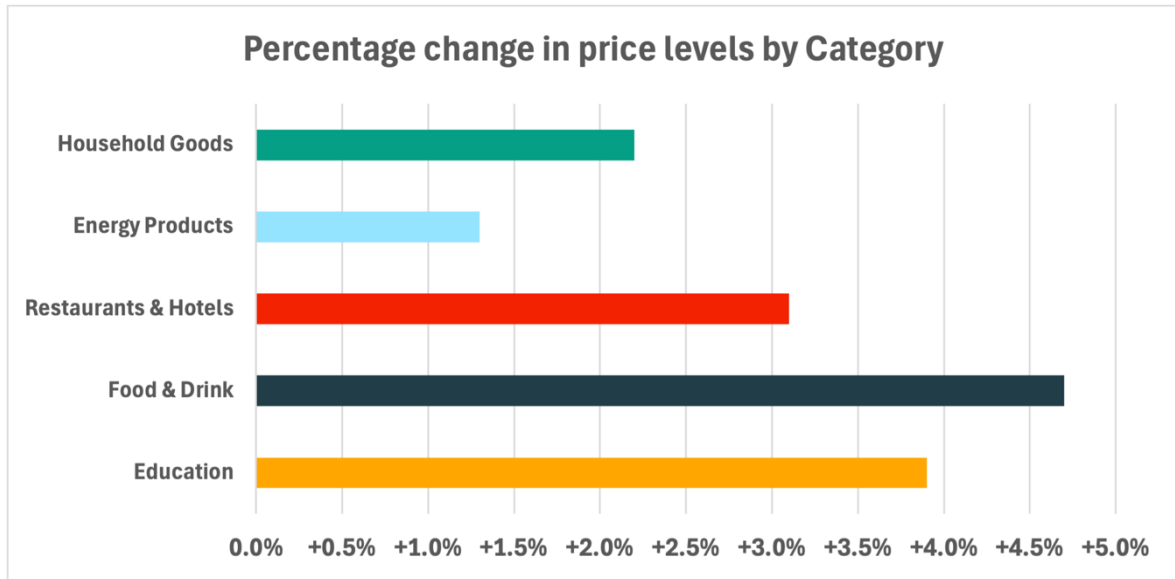
(c) The inflation rate decreased from 6.3% to 2.1% from 2023 to 2024.

Explain one impact this trend in inflation can have on an individual **and** our economy.

An individual:
Economy:



Q5



(a) Identify the approximate percentage increase in price for Restaurant & Hotels.

(b) Identify which category of goods and services shows the largest percentage increase in price.

(c) State the official measure of inflation in Ireland.

(d) Explain one reason low levels of inflation (around 2%) are positive for a business.

(e) Outline one way in which a large increase in the rate of inflation may affect our economy



Employment

Q6 (i) Explain what is meant by the 'unemployment rate' for an economy

(ii) State whether the following statements are True or False.

Statement	TRUE	FALSE
An unemployment rate of around 6% can be described as full employment in an economy.		
A fall in unemployment is generally considered a positive trend for the economy.		
A rise in employment means fewer households are earning income		
Negative economic growth would lead to higher unemployment		

(ii) Answer each of the questions below:

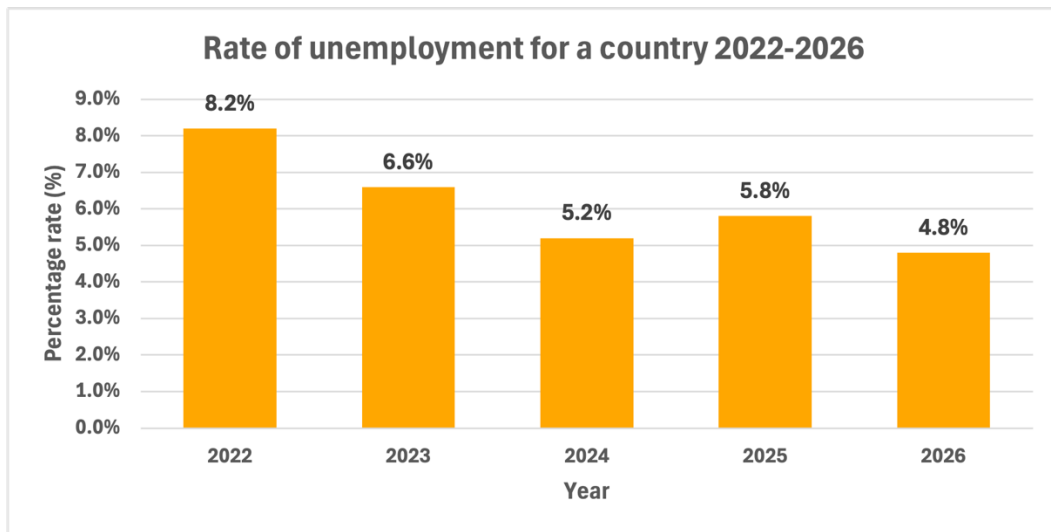
Explain one impact of falling unemployment on individuals.

Explain one impact of rising employment on local businesses in an area.

Explain one impact of rising employment on our economy.



Q7



(a) Based on the graph showing the rate of unemployment for a country from (2022–2026) above, state whether the following statements are True or False.

Statement	TRUE	FALSE
The unemployment rate was highest in 2026		
The trend in unemployment between 2022 and 2023 was a bad trend		
The unemployment rate was closest to full employment in 2022		
The unemployment rate in 2026 was lower than in 2023		

(b) Indicate whether the change in unemployment between 2024 and 2025 is a good or bad trend. Tick the correct box.

Good trend

Bad trend

(c) Explain the impact of the trend in unemployment on:

- An individual
- The economy



Top Tip: For questions with an impact in it ALWAYS show the cause and effect -> State the change first (higher/lower X), then explain the result (causing Y)

An individual
The economy



Q8



(i) What does the graph show about the change in unemployment between Q4 2024 and Q4 2025? Use figures in your answer.

Indicate whether the change in unemployment between 2024 and 2025 is a good or bad trend. Tick the correct box.

Good trend

Bad trend

(ii) Explain why an increase in employment may improve a person’s standard of living.

(iii) Explain how a rise in employment could reduce government spending

(iv) Explain how higher employment could lead to improved public services



Interest Rates

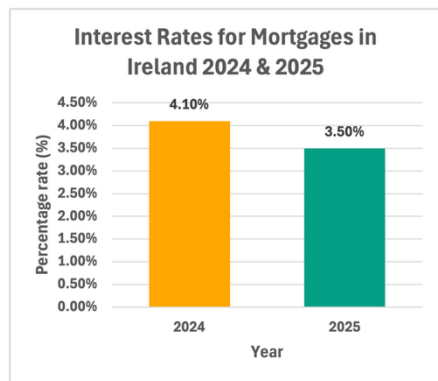
Q9 (i) Explain what interest is, referring to both savings and borrowing

Savings
Borrowing

Q10 Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
Higher interest rates would encourage more savings.		
The ECB may raise interest rates to reduce inflation.		
Lower interest rates make loan repayments more expensive.		
When interest rates fall, borrowing usually increases.		

Q11 The graph below shows the interest rates individuals get charged on their mortgage repayments (their loan for a property).



(i) Using the graph, describe the change in average mortgage interest rates between 2024 and 2025. Use a figure in your answer.

(ii) Indicate if this is a good or bad trend for individuals

Good Bad

(iii) Explain one impact that the fall in mortgage interest rates from 2024 to 2025 may have on a household with a mortgage.



Q12 Interest rates are set by the European Central Bank for Ireland as we are part of the Eurozone.



(i) What is interest?

Interest rates are often shown as an APR. What does APR stand for?

A	P	R
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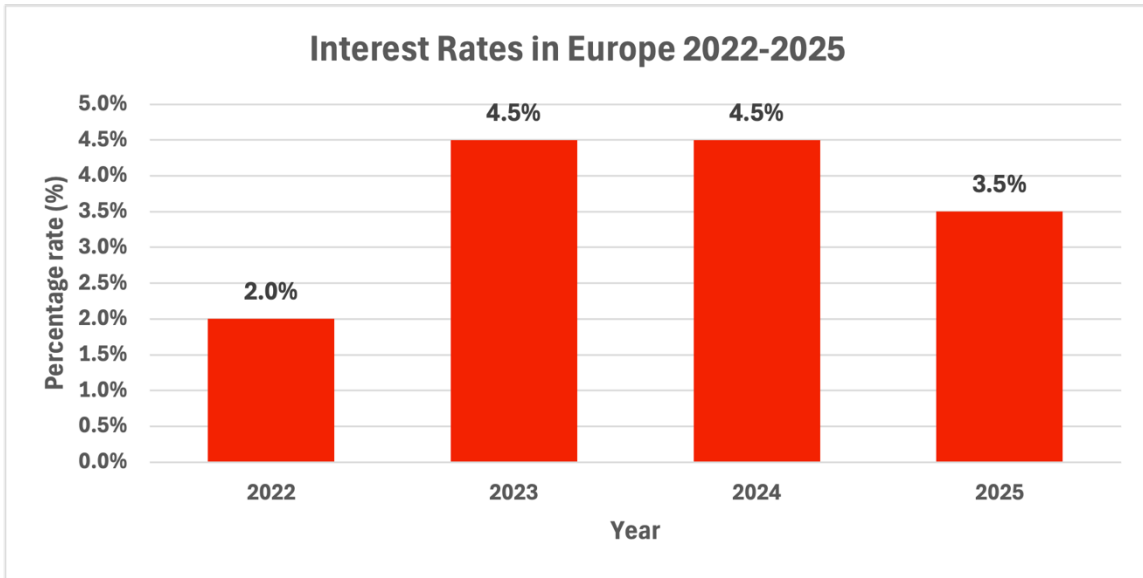
(ii) Using the info graph above, outline the trend in the interest rates set by the ECB from September 2023 to March 2025.

(iii) Explain one impact that lower interest rates will have on individuals and our economy

An individual
Our economy



Q13



(i) Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
The lowest interest rate occurred in 2023		
Interest rates increased between 2024 and 2025		
The interest rate in 2025 was lower than in 2022		
The trend in interest rates from 2024 to 2025 encourages borrowing		

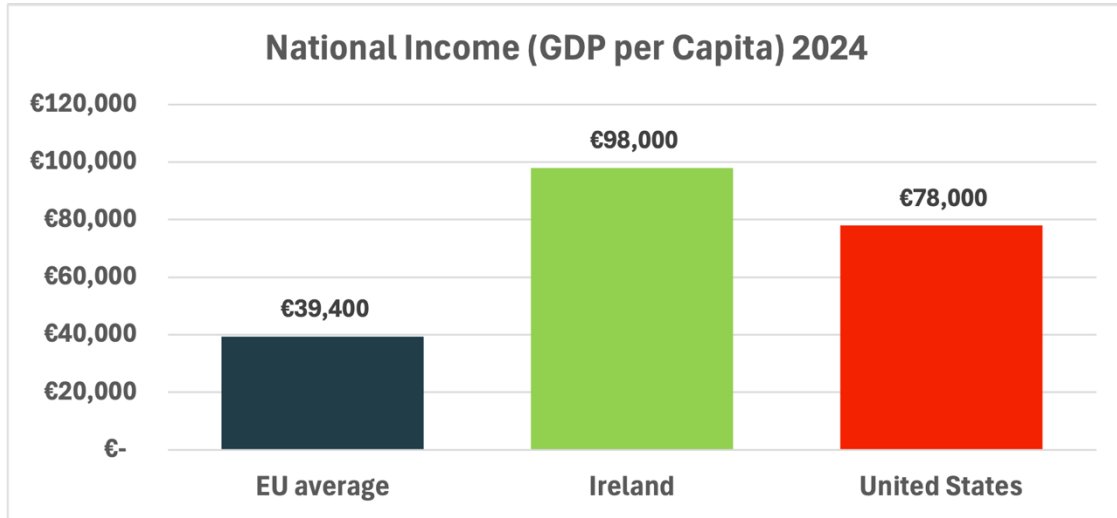
(ii) Explain how higher interest rates affect savings

(iii) Outline how lower interest rates affect borrowing.



National Income

Q14



(i) Identify who had the highest GDP per capita in 2024.

(ii) Explain one use for National Income statistics

Economic Growth

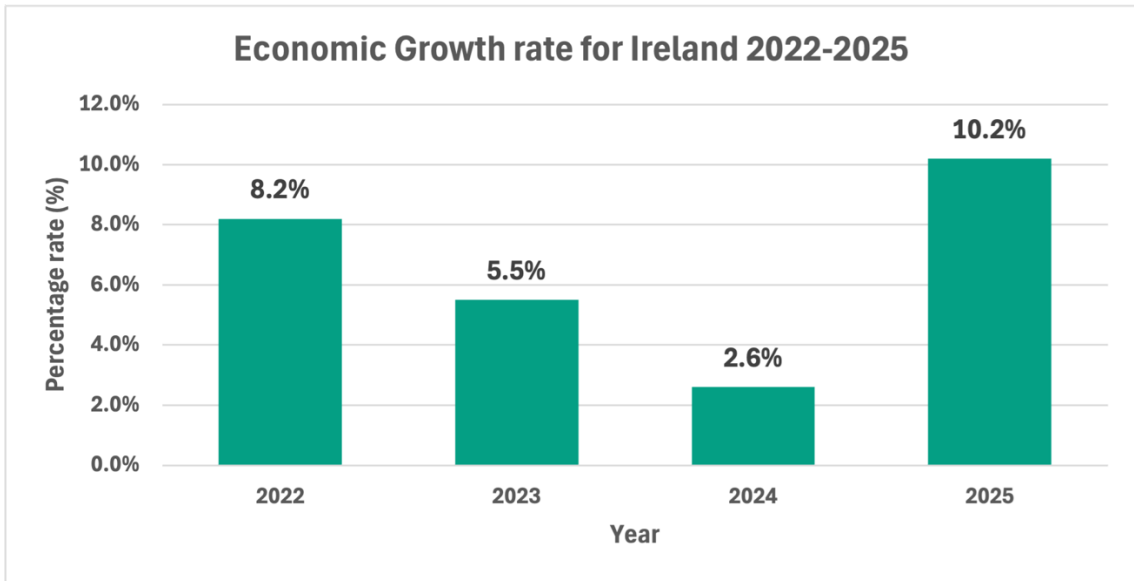
Q15 (i) Define the term 'economic growth'

(ii) Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
Negative economic growth is a good trend for the economy		
A recession is two consecutive quarters of positive economic growth		
When economic growth increases, employment usually rises		
Measuring economic growth helps the government plan the Budget		



Q16



(i) Identify the year with the highest rate of economic growth.

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(ii) Indicate if the trend from the previous year for 2025 is a good or bad trend for the economy **Good** **Bad**

(iii) Using the graph, describe the change in economic growth between 2023 and 2024.

(iv) Explain one impact that an increase in economic growth may have on Irish business and on our economy

Irish Business
Our economy

(v) Explain one impact that a negative economic growth may have on individuals in Ireland

Individual



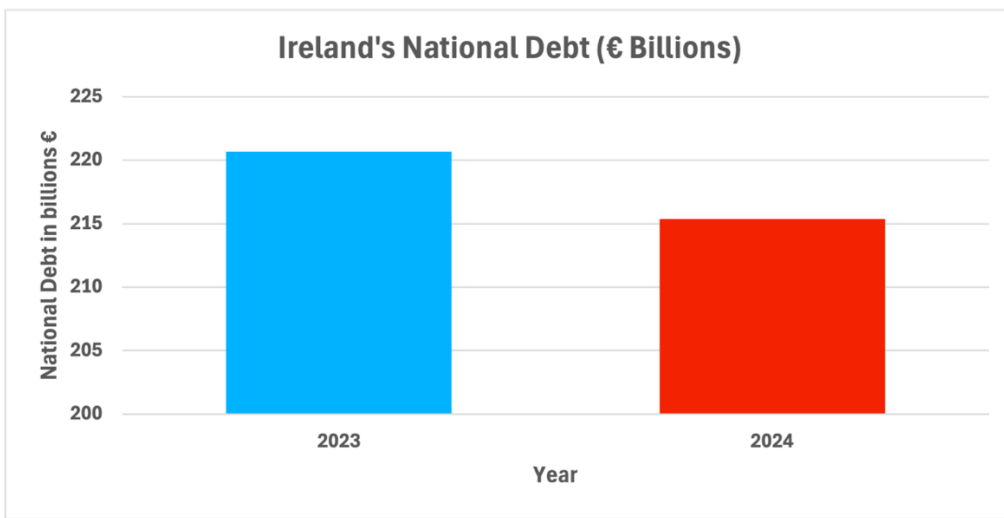
National Debt

Q17 (i) Define what is meant by a country's 'national debt'.

(ii) Choose the correct words from the options below to complete the body who manages Ireland's national debt on behalf of the Government.

Options: **Management** **Money** **Authority** **Agency**

The (NTMA) National Treasury M _____ A _____.



The graph above shows Ireland's national debt in 2023 and 2024.

(iii) Identify the year with the highest level of national debt

(iv) Is the trend in Ireland's National Debt shown in the graph a good or bad trend for our economy? Good Trend Bad Trend

Give a reason for your answer

(v) Explain one impact that a fall in national debt may have on an individual.

Individual:

