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DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

VHEMBE EAST DISTRICT

GRADE 12

ECONOMICS CONTROLLED TEST 1

MACRO ECONOMICS

2026/03/19

MARKS: 100

DURATION: 1.5 HRS

NB: STARTING TIME STRICTLY 08:30

This question paper consists of 10 pages





INSTRUCTIONS AND INFORMATION

1. Answer **THREE** questions as follows in the **ANSWER BOOK**.
 - **SECTION A: COMPULSORY**
 - **SECTION B:** Answer any **ONE** of the two questions.
 - **SECTION C:** Answer any **ONE** of the two questions
2. Write the question number above each answer.
3. Answer only the required numbers of questions. Answers in excess of the required number will not be marked.
4. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Read the questions carefully.
7. Start each question on a new page.
8. Use only black or blue ink.
9. You may use a non- programmable pocket calculator.
10. Write legible and present your work neatly.



**SECTION A: COMPULSARY****QUESTION 1****20 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number (1.1.1-1.1.5) in the ANSWER BOOK, for example 1.1.5. D.

1.1.1 Long-term funds are borrowed or saved on the ... market.

- A capital
- B goods
- C money
- D factor

1.1.2 A negative economic growth for at least two consecutive quarters is known as...

- A investment
- B recession
- C unemployment
- D inflation

1.1.3 The curve that illustrates the relationship between tax rate and tax revenue is known as...

- A Lorenzo
- B Engel
- C Phillips
- D Laffer

1.1.4 A situation whereby one country can produce goods cheaper than other countries given the same amount of inputs/resources.

- A Comparative advantage
- B Economic advantage
- C Absolute advantage
- D Interaction advantage

1.1.5 A closed economy is best described as a... sector economy.

- A Four
- B One
- C Two
- D Three

(5 x 2) (10)





- 1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-G) next to the question numbers (1.2.1. to 1.2.6) in the ANSWER BOOK.

COLUMN A		COLUMN B
1.2.1	Portfolio investment	A When a state-owned enterprise is sold to private sector enterprise.
1.2.2	Special drawing rights	B The upper turning point of the business cycles. C The lowest turning point of the business cycles.
1.2.3	Privatisation	D Buying and selling of equities and shares.
1.2.4	Taxes	E Compulsory payment to the government by households and firms operating within the country.
1.2.5	Peak	F Gives member countries opportunity to obtain financial support from International Monetary Fund(IMF)
1.2.6	Deregulation	G Removal of unnecessary laws, by-laws and power imbalances that inhibits free operations.

(6 x 1) (6)

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.4) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

- 1.3.1 Movement of factors of production, goods and services between participants in the economy.
- 1.3.2 Factors that originate outside the economy that cause business cycles.
- 1.3.3 Goods that are harmful to the society when produced and consumed.
- 1.3.4 The value of one country's currency exchanges for another country's currency.

(4 x 1) (4)

TOTAL SECTION A: [20]





SECTION B

Answer any **ONE** of the two questions in this section in the ANSWER BOOK.

QUESTION 2:

40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any **TWO** examples of non-durable goods. (2 x 1) (2)

2.1.2 What is the effect on the South African rand when demand for US dollars decreases? (1 x 2) (2)

2.2 Study the table below and answer the questions that follow

National expenditure of South Africa.		
	RMILLIONS	
	2023	2024
Final consumption expenditure by households	4 517 795	4 752 670
Final consumption expenditure by government	1 349 798	1 410 827
Gross capital formation	1 083 191	1 034 457
Gross Domestic Expenditure	6 950 784	7 197 953
Residual item	28 636	12 076
Gross Domestic Expenditure	6 979 420	7 210 029
Export of goods and services	2 340 295	2 337 484
Less imports of goods and services	2 282 041	2 195 064
Gross Domestic Product at market price	7 037 674	A

Source: SARB Quarterly bulletins

2.2.1 Identify the method used to calculate gross domestic product in the table above. (1)

2.2.2 Name any other method that can be used to calculate gross domestic product. (1)

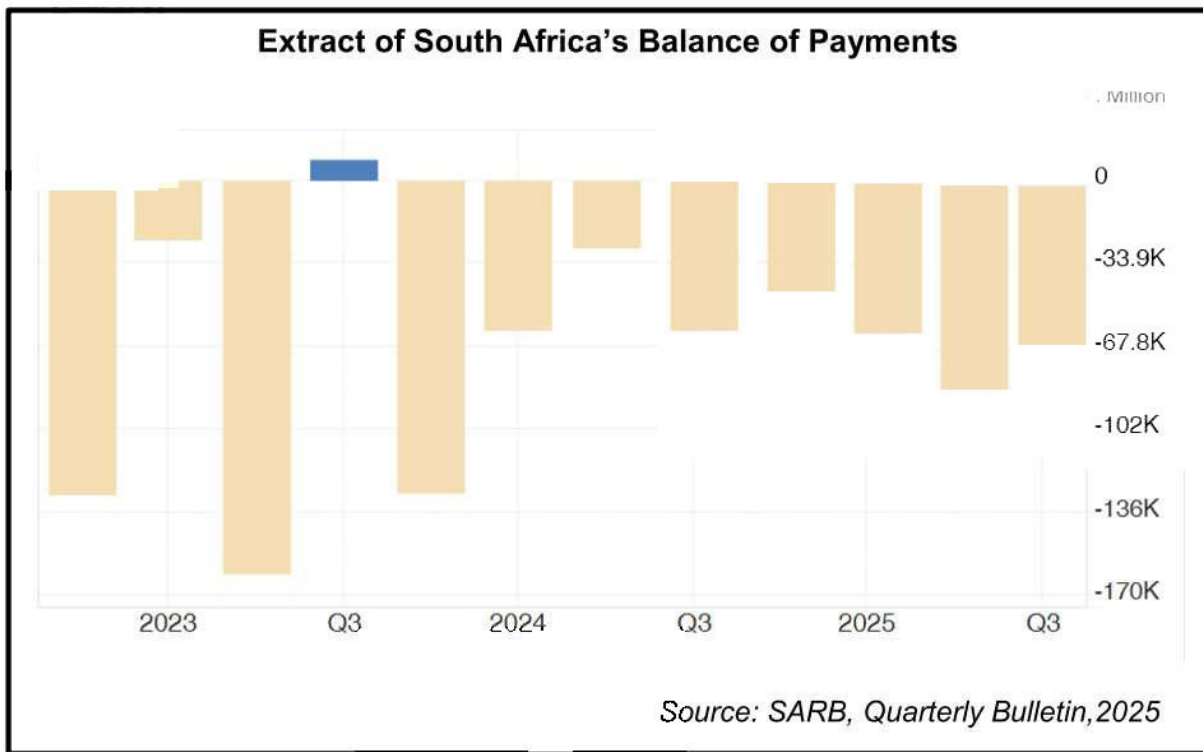
2.2.3 Briefly describe the term *Gross Domestic Product*. (2)

2.2.4 Why are the GNP figures generally lower than the GDP figures in South Africa? (2)

2.2.5 Calculate gross domestic product at market price for 2020 (A). Show ALL calculations. (4)



2.3. Study the graph below and answer the questions that follow.



- 2.3.1 Identify a period in which South Africa experienced a trade surplus in the above graph. (1)
- 2.3.2 Name any one sub-account of the Balance of Payment. (1)
- 2.3.3 Briefly describe the term *residual items*. (2)
- 2.3.4 Explain the effect on local fuel price if the rand depreciates. (2)
- 2.3.5 How can an increase in interest rates improve the balance of payment? (4)
- 2.4 Discuss the interaction between households and firms. (8)
- 2.5 Evaluate the impact of specialisation on the South African economy. (8)

[40]

QUESTION 3:**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO measures to correct the Balance of Payment (2 x 1) (2) disequilibria.

3.1.2 Why are the savings regarded as leakages in the circular flow? (1 x 2) (2)

3.2 Study the table below and answer the questions that follow.

South Africa's Terms of Trade			
	2025		
	Quarter 1	Quarter 2	Quarter 3
Index of export prices	183.8	189.2	190.4
Index of import prices	167.8	172.0	172.1
Terms of Trade	109.5	110.0	A

Source: StatsSA & SARB Quarterly Bulletins

3.2.1 Identify the institution responsible for publishing country's terms of trade from the table above. (1)

3.2.2 Name the exchange rate used in South Africa. (1)

3.2.3 Briefly describe the term *balance of trade* (2)

3.2.4 Explain the negative impact of decrease in terms of trade on the economy. (2)

3.2.5 Calculate the terms of trade for the 2025 quarter 3, show ALL the calculations. (4)

3.3 Study the information below and answer the questions that follow.

MULTIPLIER EFFECT-TWO-SECTOR MODEL

The consumption function consists of autonomous consumption and induced consumption ($C=C+C_y$). However, every time there is an injection into the circular flow of income there is likely to be a multiplier effect.

The size of the multiplier depends upon households' marginal propensity to consume (mpc) and marginal propensity to save (mps). For instance, if 70% of all new income in each period is spent on South African products, the marginal propensity to consume would be 0.7.

[Source: www.stats.sa.gov.za]

- 3.3.1 Identify the value of marginal propensity to consume (MPC) from the above information. (1)
- 3.3.2 Name the injection that relates to the foreign sector. (1)
- 3.3.3 Briefly describe the term *induced consumption*. (2)
- 3.3.4 Explain the relationship between the multiplier and Marginal Propensity to Save (MPS). (2)
- 3.3.5 Use the formula $\Delta Y/\Delta J$ to calculate the change in national income if there was an investment of R200m, start by calculating the multiplier. Show all the workings. (4)
- 3.4 Differentiate between Appreciation and Depreciation. (8)
- 3.5 Evaluate the functioning of the markets in the circular flow. (8)

[40]

TOTAL SECTION B: [40]



SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p>Introduction The introduction is a lower order-response</p> <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not include any part of the introduction in your body. • Avoid saying in the introduction what you are going to discuss in the body. 	Max. 2
<p>Body</p> <p>Main part: Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain.</p> <p>Additional part: Give own opinion/ Critically discuss/ Evaluate/ Critically evaluate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph/ Calculate/ Deduce/ Compare/ Explain/ Distinguish/ Interpret/ Briefly debate/ How/ Suggest.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion</p> <p>Any high-order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment on the facts discussed. • Additional support information to strengthen the discussion/ analysis. • A contradictory viewpoint with motivation, if required. • Recommendations. 	Max. 2
TOTAL	40





QUESTION 4:

40 MARKS – 40 MINUTES

- Discuss in detail features underpinning forecasting of business cycles. (26)
 - How can the monetary policy contribute to economic growth? (10)
- [40]

QUESTION 5:

40 MARKS – 40 MINUTES

- Discuss in detail the main objectives of the public sector in the economy. (26)
 - How will public sector failure negatively influence economic stability in South Africa? (10)
- [40]

TOTAL SECTION C: [40]

GRAND TOTAL: [100]

