

Skills Exercises  
AO2 Analysis

Cambridge IGCSE™ / Cambridge IGCSE (9–1)  
Economics 0455 / 0987

Cambridge O Level  
Economics 2281

For examination from 2023



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## Introduction

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Cambridge IGCSE / O Level Economics attracts a variety of learners from many different backgrounds. For some learners Economics is a new subject and an opportunity to explore an area of study that interests them, while developing a set of transferable skills. Other learners have previously studied Economics and are looking to continue developing their knowledge of the subject. Either way, the study of Economics allows learners to experience the diverse and dynamic world within which different economies exist and gain the knowledge needed to understand how governments and markets operate within real contexts, analyse alternative courses of action and develop the ability to make justified recommendations.

### Skills and why they are important?

Skills are the key to success. The performance of candidates in Cambridge IGCSE / O Level Economics exams have shown a range of areas where improvement would be helpful. These areas of improvement tend to centre around the assessment objectives (AOs) of the course and we have addressed these AOs in a series of exercises and activities.

- AO1 Knowledge and understanding
- AO2 Analysis
- AO3 Evaluation

Skills Exercises make use of examination questions and include activities and worksheets to help skills development and incorporate suggested teaching approaches, such as discussion, structured support and writing in sequence. They do not attempt to cover all possible aspects of the examinations, only those problem areas which have presented consistently over time.

### How will these skills be developed?

Skills Exercises aim to help learners develop skills in:

- using knowledge and understanding of economic definitions, formulas, concepts and theories to answer examination questions
- using the context given in the examination to make answers relevant
- analysis by selecting, organising and interpreting data to recognise patterns and to deduce relationships
- evaluation and critical judgement by distinguishing between economic analysis and unreasoned statements, recognising the uncertainties of the outcomes of economic decisions and events and communicating economic thinking in a logical manner

Skills Exercises provide suggestions so you can have confidence that the materials you prepare and use in the classroom are building skills and resilience in your learners. This document should be used alongside the other teaching and learning resources provided on the [School Support Hub](#)

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## AO2 Analysis

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AO2 Analysis requires learners to use economic information and data to recognise patterns and to deduce relationships. To successfully demonstrate their skills of analysis learners are expected to correctly apply economic analysis to written, numerical, diagrammatic and graphical data, so they can effectively analyse economic issues and situations, identifying and developing links.

### Exercise 1: Building analysis

The following activities aim to introduce learners to the skill of analysis by focusing on causes, effects and relationships. The activities in this exercise cover a range of topics across the syllabus and encourage learners to maintain their knowledge at the same time. Learners' attention is drawn to distinguishing causes and effects, which can sometimes be challenging for learners. At the same time, the activities make use of causal linking devices to help learners produce seamless chains of analysis.

#### Activity 1: Cause and effect

Give learners **Worksheet 1: Cause and effect** and ask them to provide one cause and one consequence for each economic event. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

The first example has been completed.

Encourage learners to use at least one key term for the cause and the effect.

Lead a class discussion to compare answers and brainstorm ideas, while asking learners to present their answers in coherent sentences with cause and effect linking devices.

Accept any reasonable answers besides those suggested in **Worksheet 1: Cause and effect answers**.

Make sure learners understand the difference between causes and effects and that they do not confuse the two.

#### Activity 2: Relationships between economic variables

Give learners **Worksheet 2: Relationships between economic variables** and ask them to briefly explain the relationship between the economic variables. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Encourage learners to use appropriate linking devices for cause and effect and at least one key term in their answer.

The first example has been completed.

Lead a class discussion to brainstorm more ideas for variety of analysis, ensuring any misconceptions are addressed

## Skills Exercises

Use **Worksheet 2: Relationships between economic variables answers** as a guide, but accept any reasonable answers besides those suggested in the answer sheet.

### Activity 3: Chains of analysis

Give learners **Worksheet 3: Chains of analysis** and ask them to complete the table with the missing steps of economic analysis turning them into coherent sentences. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Make sure learners understand that a strong chain of analysis would consist of more than one step to build a convincing argument.

The activity aims to demonstrate to learners that there are intermediary steps, processes and relationships ongoing behind apparently straightforward statements.

The first example has been completed.

The worksheet contains chains of analysis from different areas of the syllabus and is therefore suitable for a more advanced stage of the course where learners have acquired enough understanding of the causes, effects and relationships between the economic concepts.

Use **Worksheet 3: Chains of analysis answers** and ask learners for their answers. Accept any reasonable answers besides those suggested in the answer sheet. Lead a class discussion to develop learners' understanding of chains of analysis, ensuring any misconceptions are addressed.

### Exercise 2: Analysis of numerical data

The following activities aim to develop learners' skills of analysing numerical data.

The activities prompt learners to practise calculations such as percentage changes and PED and then draw conclusions from the results.

It is essential for learners to build confidence in their ability to interpret numerical data, so they can develop convincing arguments supported with relevant calculations.

### Activity 1: Absolute and relative changes

Give learners **Worksheet 4: Absolute and relative changes** and go through the first example, which has been completed to ensure understanding. Go through the rest of the worksheet with learners to check they understand what is required of the task. For this activity learners should work individually.

Learners then work on the other examples, while practising calculating percentage changes, which is a transferable numerical skill for other concepts within Economics.

The focus of the activity is that learners appreciate the usefulness of relative changes when judging the impact of changes in economic variables.

Use **Worksheet 4: Absolute and relative changes answers** and ask learners to peer assess each other's work. Lead a class discussion to develop learners' understanding of absolute and relative changes, ensuring any misconceptions are addressed.

**Extension activity:** learners can later use this numerical skill for AO3 Evaluation.

### Activity 2: PED and TR

Give learners **Worksheet 5: PED and TR**.

Ask learners to calculate the PED in each example and then to draw a conclusion on the overall effect of change in TR following the first example given. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

At the end of the activity, learners summarise the relationship between PED, price changes and TR in the 'What I've learned' box at the end of the worksheet.

Use **Worksheet 5: PED and TR answers** and ask learners to peer assess each other's work. Lead a class discussion and go through the answers, ensuring any misconceptions are addressed.

### Activity 3: Effects of numerical changes

This activity presents (changes in) economic variables in numerical terms and then prompts learners to investigate causes and effects of the change. Go through the worksheet with learners to check they understand what is required of the task. Give learners **Worksheet 6: Effects of numerical changes** and ask them to complete it either individually or as a pair.

Learners gain appreciation of both positive and negative values and target common misconceptions.

Use **Worksheet 6: Effects of numerical changes answers** and ask learners to peer assess each other's work. Lead a class discussion to develop learners' understanding of economic variables in numerical terms, ensuring any misconceptions are addressed.

### Exercise 3: Focus on analysis

The following activities encourage learners to distinguish between weak and strong analysis, while developing active skills to provide their own analytical ideas where needed.

Learners are invited to gain an appreciation of static and dynamic questions of analysis, so they are able to provide more relevant answers targeting the task.

**Activity 3: Asking the right questions** prompts learners to make independent analysis by asking the right questions to add value to the structure and content of their answers.

### Activity 1: Spotting analysis

Give learners **Worksheet 7: Spotting analysis** and ask them to decide whether the following instances are examples of just statements or are good/weak analysis. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Where analysis is weak, learners must explain why and suggest how it could be improved.

Use **Worksheet 7: Spotting analysis answers** to check learners' ideas of improved analysis in a group discussion.

The activity aims to help learners improve their own writing, so they can spot weaknesses in it and produce coherent and detailed arguments instead of being descriptive.

A few of the examples target cause and effect, as confusing the two is a common misconception for some learners in the early stages of the course.

### Activity 2: Static and dynamic analysis

Give learners **Worksheet 8: Static and dynamic analysis** and ask them to decide whether the tasks exemplify static or dynamic analysis by writing static/dynamic next to each sentence. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Use **Worksheet 8: Static and dynamic analysis answers** and ask learners to peer assess each other's work. Lead a class discussion to develop learners' understanding of static and dynamic analysis, ensuring any misconceptions are addressed.

**Extension activity:** elicit suitable wording to use when answering a static or a dynamic answer.

### Activity 3: Asking the right questions

Give learners **Worksheet 9: Asking the right questions**. Go through the worksheet with learners to check they understand what is required of the task. For this activity learners may work individually or in pairs.

Ask learners to write suitable questions to discover causes, effects and relationships linked to each economic concept.

Probably the most difficult activity so far, it encourages learners to become independent using analytical skills, as they must come up with potential questions to investigate the cause, consequence or relationship for each example.

The worksheet focuses on macroeconomics topics from syllabus sections 4–6, which makes it suitable for a more advanced stage of the course, enabling learners to maintain their understanding of analysis.

Use **Worksheet 9: Asking the right questions answers** and ask learners to peer assess each other's work. Lead a class discussion to develop learners' understanding, ensuring any misconceptions are addressed.

**Extension activity:** ask learners to not only write but also answer their own questions.

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