



Worksheet 4: Chains of analysis

Identify the chain of analysis for the following economic events:

Economic Event 3 – Imports becoming expensive

(a) The impact of expensive imports on demand pull inflation:

Imports becoming expensive					
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(b) The impact of expensive imports on exchange rates:

Imports becoming expensive			
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(c) The impact of expensive imports on cost push inflation:

Imports becoming expensive			
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(d) The impact of expensive imports on trade deficit:

Imports becoming expensive						
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Economic Event 4 – Fall in interest rates

(a) The impact of a fall in interest rates on Aggregate Demand (AD):

Lower interest rates								
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(b) The impact of a fall in interest rates on the exchange rate

Lower interest rates					
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(c) The impact of a fall in interest rates on net exports:

Lower interest rates				
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(d) The impact of a fall in interest rates on Aggregate Supply (AS):

Lower interest rates				
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Economic Event 13 – Fall in exchange rates

(a) The impact of a fall in exchange rates on demand pull inflation:

Fall in exchange rate						
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(b) The impact of a fall in exchange rates on cost push inflation:

Fall in exchange rate					
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Economic Event 14 – Higher inflation rate

(a) The impact of inflation on exchange rates:

Higher inflation rate							
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Economic Event 18 – Government raising its spending on education/infrastructure

(a) The impact of higher government spending on education/infrastructure on demand pull inflation:

Government raising its spending				
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(b) The impact of higher government spending on education/infrastructure on cost push inflation:

Government raising its spending				
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(c) Combined effect of increased government spending on inflation:

Government raising its spending								
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