A-Level Economics

Five questions on what is happening now

DATA AS AT 15 NOVEMBER 2026 · NEW QUESTIONS EVERY WEEK

How to use this pack. Time yourself, write a full answer, then check it against the mark scheme. Questions 1 and 2 include our mark scheme. Questions 3 to 5 have mark schemes you can unlock free on the website. Marks and skills follow the Curriculum Circle framework. Exam boards set the marks and wording for real papers, so always check your specification.

In the news: the Bank of England raises interest rates

4.0%

Bank Rate after the 5 November 2026 rise from 3.75%, voted 8–1

Source: Bank of England

3.5%

CPI inflation in the 12 months to September 2026, up from 3.1%; motor fuels were the largest upward contribution

Source: ONS

4.7%

UK unemployment rate, June to August 2026

Source: ONS

~4½%

Bank staff projection for CPI inflation in 2027 Q1, based on energy prices at 27 October

Source: Bank of England

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QUESTION 1 4 MARKS · CALCULATE AND EXPLAIN · APPLICATION · ANALYSIS

Using the data, calculate (a) the change in Bank Rate and (b) the change in the CPI inflation rate, both in percentage points. (c) Explain one reason why the Bank of England might raise Bank Rate when inflation is above its 2% target.

Plan for about 5 minutes.

CC MARK SCHEME · FREE · Application 2 | Analysis 2

- (a) 4.0% − 3.75% = 0.25 percentage points (1 mark).
- (b) 3.5% − 3.1% = 0.4 percentage points (1 mark).
- (c) Up to 2 marks for a developed chain. For example: higher Bank Rate raises the cost of borrowing (1), so consumption and investment fall, aggregate demand shifts left and demand-pull inflation eases (1). Or: raising Bank Rate signals commitment to the 2% target (1), so wages and prices are less likely to rise in response to expected inflation (1).

Common mistakes: Saying inflation "rose by 0.4%" when it rose by 0.4 percentage points: a change in a rate is not the same as a percentage change. A one-step explanation ("people spend less") with no link back to inflation.

QUESTION 2 6 MARKS · ANALYSE · APPLICATION · ANALYSIS

Using the data, analyse one reason why a higher Bank Rate may be slow to reduce inflation that is being pushed up mainly by energy prices.

Plan for about 8 minutes. A diagram can earn credit if you explain it.

CC MARK SCHEME · FREE · Application 2 | Analysis 4

- Application (2): uses the data, such as motor fuels being the largest upward contribution to CPI in the 12 months to September 2026, or the Bank's projection of about 4½% inflation in 2027 Q1 based on energy prices.
- Analysis (4): an energy price rise is a supply-side shock that shifts short-run aggregate supply to the left (1). Bank Rate works mainly on demand, by raising borrowing costs and reducing spending (1), so it does not lower the price of energy itself (1). Monetary policy also works with a long lag, often put at about 18 to 24 months, so the effect arrives well after the shock (1).

Common mistakes: Describing the whole transmission mechanism without saying why it does not fit a cost-push cause. Drawing AD/AS but shifting the wrong curve.

QUESTION 3 9 MARKS · ANALYSE · APPLICATION · ANALYSIS

Analyse the possible effects of the rise in Bank Rate on unemployment and on economic growth in the UK.

Plan for about 12 minutes. Cover both unemployment and growth.

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QUESTION 4

12 MARKS · EVALUATE · APPLICATION · ANALYSIS · EVALUATION

Evaluate the effectiveness of monetary policy compared with supply-side policies in reducing inflation caused by rising energy prices.

Plan for about 15 minutes. Compare the two approaches and reach a judgement.

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QUESTION 5

15 MARKS · ASSESS · APPLICATION · ANALYSIS · EVALUATION

Using the data and your own knowledge, assess whether raising Bank Rate was the right response to inflation that is being pushed up mainly by energy prices.

Plan for about 20 minutes. Use an aggregate supply and demand diagram and reach a clear judgement.

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