

Economics

QUESTIONS: COST OF LIVING CRISIS AND INTEREST RATES

You are to read the articles below and answer the questions below on lined paper and bring this with you to your first lessons.

It is expected that you will conduct some research by looking at relevant information online [consider BBC, tutor2u.net] to complete these questions. Look at the written explanations on the links below to acquire knowledge. This will be the way in which you will complete a lot of independent work as an A Level Economics student. Most questions require a response that involves extended writing and therefore a small paragraph. Your economics teacher will organise you into small groups so that you can share your notes with other students to work on presentations.

1. What do you understand about the Bank of England?
2. Find out two things about the monetary policy committee
3. Explain how interest rates affect savers and borrowers differently
4. Open the link 'mortgage interest,' and provide a small paragraph about what you have found out that you did not know before.
5. What have you found out about what is meant by a base rate?
6. Investigate one of the factors, listed in the article that influence the base rate. Pick one of the factors and explain why it contributes to inflation.
7. From your research provide reasons for and against why interest rates / base rates should have been cut?
8. Read the section on Mortgages. Provide ideas on whether you think a fixed rate mortgage or a variable mortgage is best for homeowners.
9. From your own research by using the websites suggested what has been the cause of rising inflation in 2022 - 2023 .
10. How has inflation reached it target rate of 2% in June 2024?

Links you could use to answer the questions:

The Bank of England:

<https://www.bbc.co.uk/news/business-50837114#:~:text=The%20Bank%20of%20England%20is,works%20closely%20with%20the%20Treasury.>

Mortgage interest rates:

<https://www.which.co.uk/money/mortgages-and-property/mortgages/mortgages-and-deposits-the-basics/mortgage-interest-rates-explained-aoFYa7t62fZa>

Inflation:

<https://www.bbc.co.uk/news/business-12196322>