Economics (Study Session 4, 5 & 6)

By Mr Yap Kam Cheng

Spread over 3 study sessions, the emphasis is on Microeconomics (covered in Study Session 4 and partially in Study Session 5) and Macroeconomics (covered in study Session 5 and Study Session 6). Global economics, which used to be in the Level 1 syllabus, has been moved to Level 2 instead.

For Microeconomics, the curriculum is focused on the basic laws of demand and supply, elasticity, the differences between movement along a demand/supply curve and shifts in demand/supply curve, effects of price controls and taxes on consumer surplus and producer surplus, and the different types of market structures. A new topic is introduced in 2009 covering the operation of market forces in natural resources and the funds market.

For Macroeconomics, the typical understanding of GDP, factors affecting aggregate demand and supply, types of unemployment and inflation (emphasis on inflation biases), fiscal and monetary policies and 2 new topics regarding business cycles and an overview of the role of central banks.

Students who have no economics background are well advised to grab hold of an introductory economics text for familiarization of economic concepts and jargons well before proceeding to tackle the economic study sessions. Concepts of aggregate demand in Macroeconomics, for example, assume the candidate has a fair knowledge of the determinants of the aggregate expenditure, which is ultimately used to derive the aggregate demand curve. Consequently, shifts in the aggregate demand curve are a result of shocks to the determinants of the aggregate expenditure.