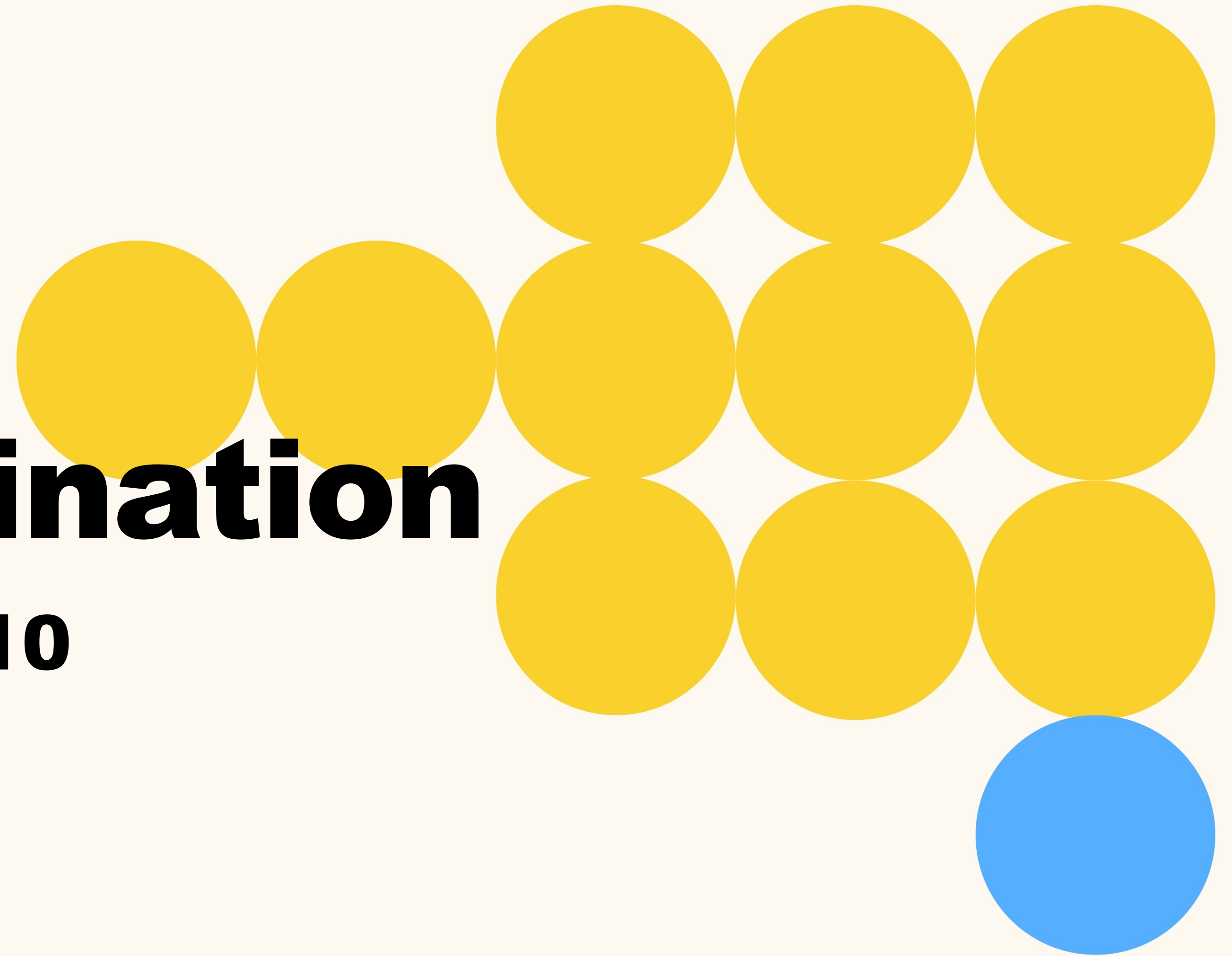


Price determination

Microeconomics - year10



Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



IGCSE Economics Exam Crash Course by Knockout.Economics

Chapter10 : Price changes

Part1-Multiple choice

1.What could cause the price of coffee to increase?

A decrease in the demand for coffee

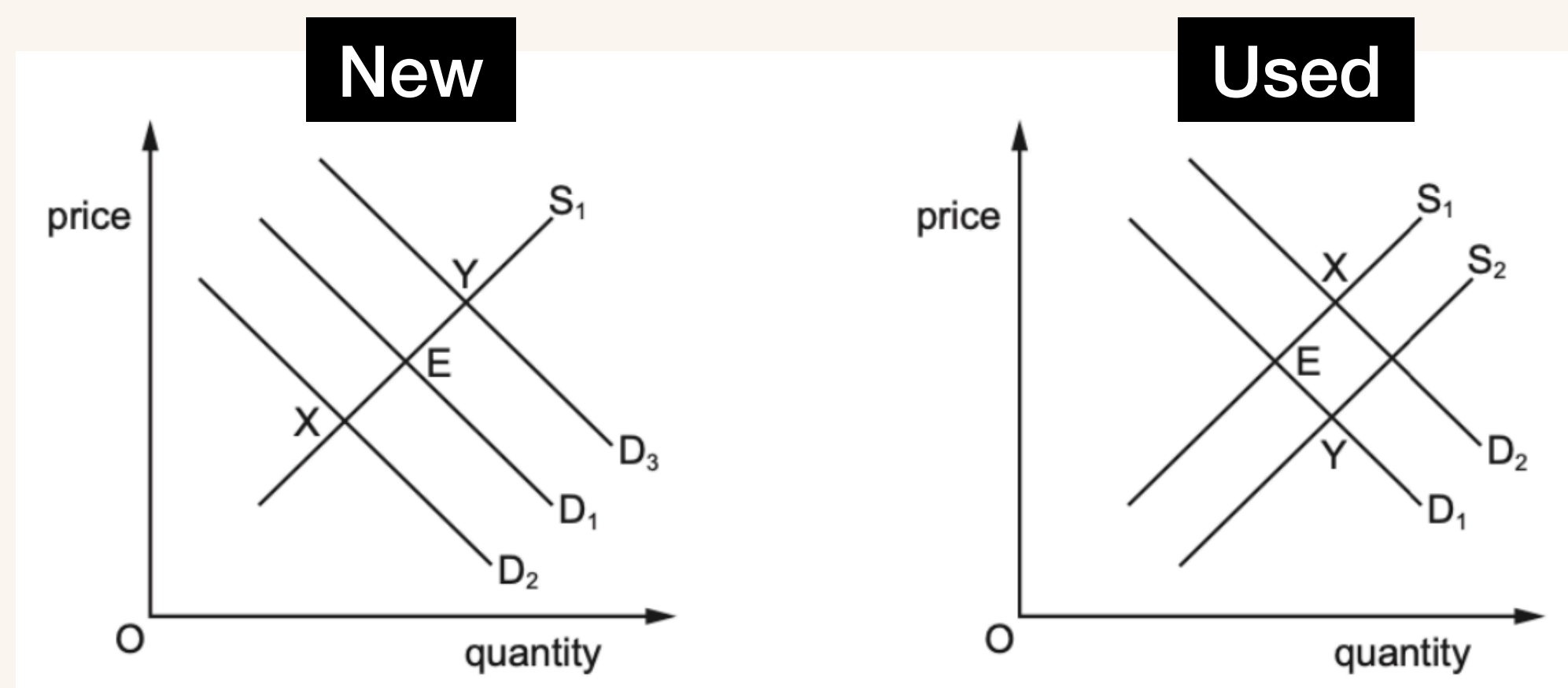
B increase in the price of a tea

C increase in the price of sugar

D increase in the supply of coffee

Part1-Multiple choice

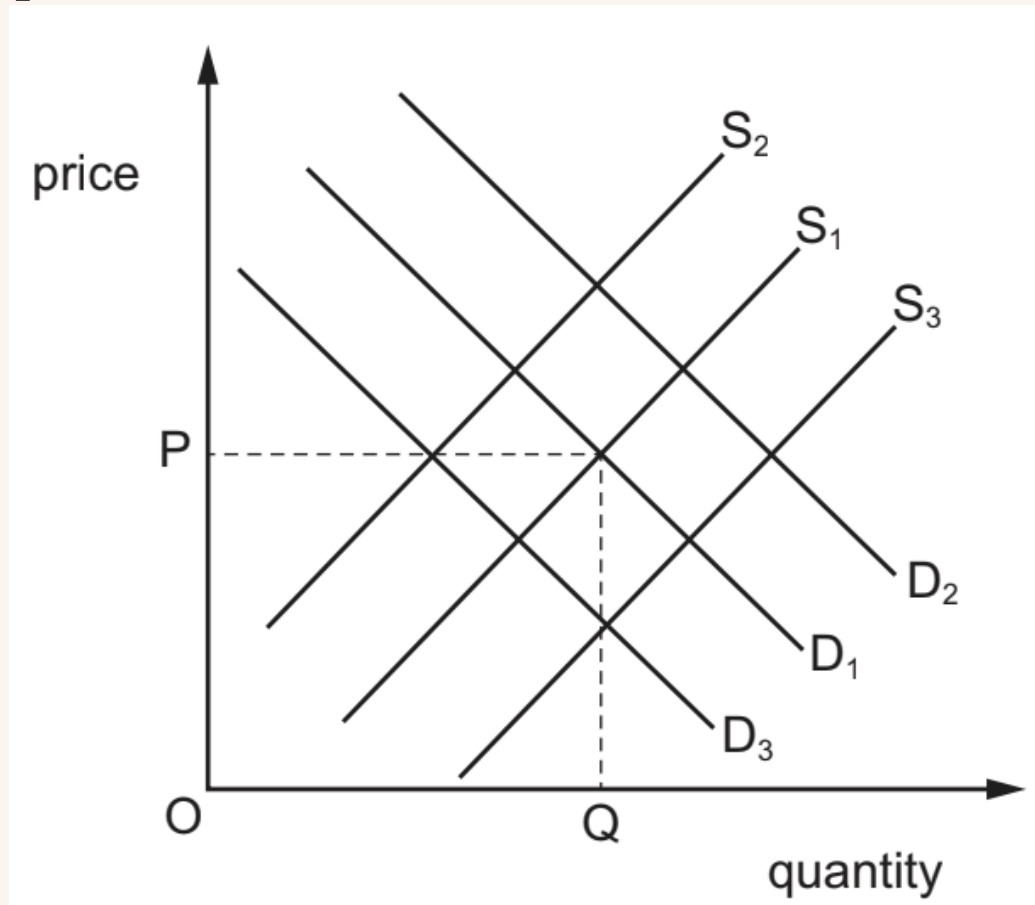
2. In a year when there were big increases in demand for Goyard bags, many second-hand Goyard bags also come onto the market. The diagrams show the demand and the supply of new and used Goyard bags. The original equilibrium position was at E in each case. What will be the new equilibrium position in each market?



	New Goyard bags	Used Goyard bags
A	X	X
B	X	Y
C	Y	X
D	Y	Y

Part1-Multiple choice

3. The diagram shows the demand for and supply of shopping bags. The original equilibrium price is P. How would the introduction of a unit tax on shopping bags be shown?



- A. Demand would shift to D3.
- B. Demand would shift to D2.
- C. Supply would shift to S3.
- D. Supply would shift to S2.

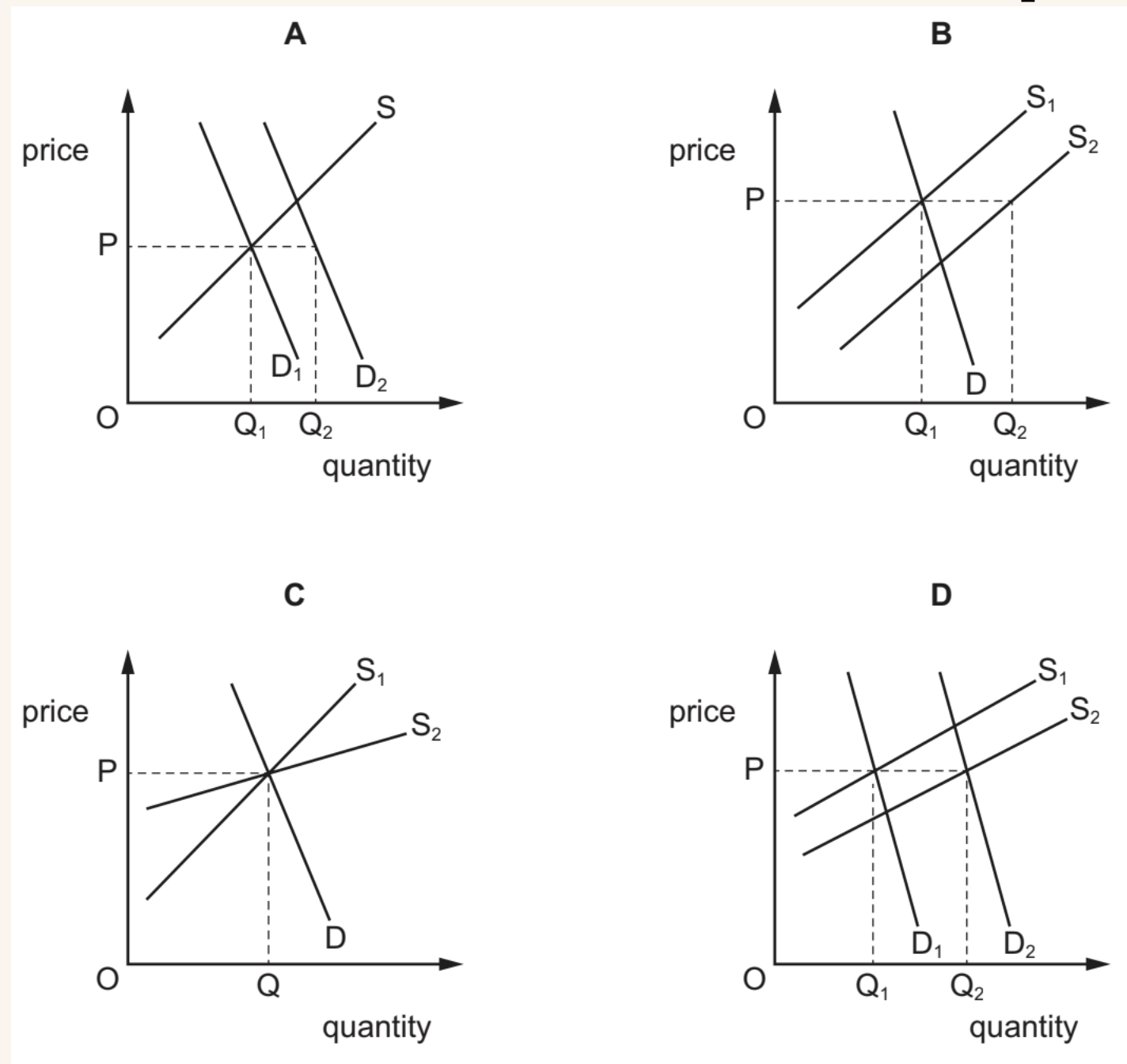
Part1-Multiple choice

4. Workers receive a pay raise, but despite the higher income, they do not increase their spending. How would this change be represented on a demand and supply diagram for the product?

- A The demand curve will shift to the left.
- B The demand curve will shift to the right.
- C The supply curve will shift to the left.
- D The supply curve will shift to the right.

Part1-Multiple choice

5. The diagrams show changes in market conditions. Which diagram shows an excess demand at price P?



Part2- Essay

1. Analyse how the market for a product would be affected by a reduction of the indirect tax on the product combined with a fall in the price of a substitute goods. [6]

2. Both the private sector and the public sector are involved in building houses. In one country a private firm has built an extra 50,000 houses but, at the same time, its government has decreased income tax significantly.

Explain, using a demand and supply diagram, how these two actions would have affected the equilibrium price and the equilibrium quantity of houses. [6]

3. Using a demand and supply diagram, analyse the effect of the successful advertising campaign Firm X's jeans on the market for Firm Y's jeans. [6]

Part2- Essay

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The End

