

A decorative graphic consisting of a grid of circles. The top three rows consist of yellow circles, and the bottom row consists of a single blue circle. The circles are arranged in a pattern that tapers to the right.

Price elasticity of supply

Microeconomics - year10

Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



Recap

IGCSE Economics Exam Crash Course by Knockout.Economics

Chapter12 : Price elasticity of supply (PES)

Part1-Multiple choice

1. What is the correct formula to calculate price elasticity of supply?

A The percentage change in price divided by the change in quantity supplied

B The percentage change in price divided by the percentage change in quantity supplied

C The percentage change in quantity supplied divided by the change in price

D The percentage change in quantity supplied divided by the percentage change in price

Part1-Multiple choice

2. In response to an increase in price from \$10 per kg to \$11 per kg, a farmer increased supply from 500kg to 600kg per week. What is the price elasticity of supply?

A 0.8

B 1.2

C 2

D 2.5

Part1-Multiple choice

3. A global pandemic causes the demand for train ticket to decrease. Which value for the price elasticity of supply of train service will cause the number of tickets for train service to fall the most?

- A. 0
- B. 0.5
- C. 1
- D. 2

Part1-Multiple choice

4. What would increase the price elasticity of supply (PES) of a product?

A an increase in the cost of production

B an increase in the firm's revenue

C an decrease in the number of close substitutes

D an increase in the time a product can be stored

Part1-Multiple choice

5. The PES of a product is 1.0 The price of this product is \$100 and the quantity supplied is 2000 units. If the price of product increases to \$110, by how many units will the quantity supplied increase?

- A 1 unit
- B 10 units
- C 20 units
- D 200 units

Part2- Essay

1. Examine the main factors that determine the price elasticity of supply for a product. [6]
2. Examine how an increase in the price elasticity of demand (PED) and the price elasticity of supply (PES) for its products could benefit a firm. [6]

Part2- Essay (continue.)

2. Examine how an increase in the price elasticity of demand (PED) and the price elasticity of supply (PES) for its products could benefit a firm. [6]

The End

