

2.1 Demand and supply curves

Name: _____ Class: _____ Date: _____ Total: 18 marks

KEY WORDS demand • supply • supply curve • quantity demanded
• demand curve

Objective

Build the skills to answer exam questions on **demand and supply curves**
– the **laws of demand and supply**, the difference between a **movement along** and a **shift** of a curve, and the **determinants**

You must be able to:

- draw demand and supply curves and explain their slopes
- distinguish a movement along a curve from a shift of the whole curve
- analyse the determinants that shift demand and supply

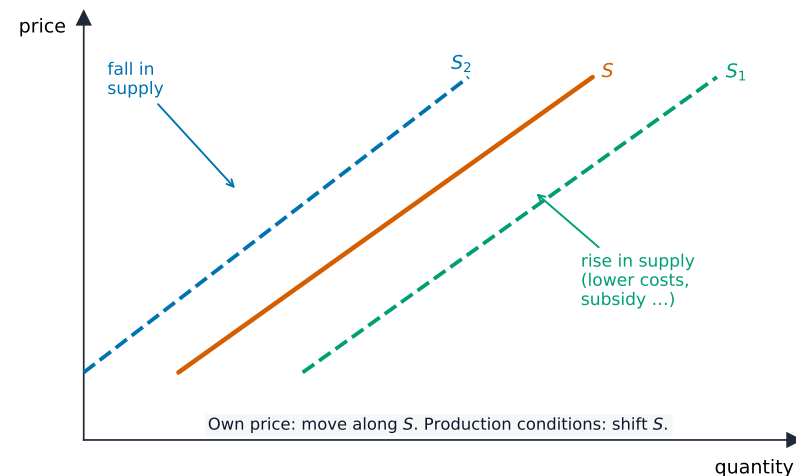
1 Key knowledge and worked examples

■ Movements and shifts



Own-price change = movement along; any other change = shift of the whole curve

- **Law of demand:** price up → quantity demanded down (curve slopes **down**).
- **Law of supply:** price up → quantity supplied up (curve slopes **up**).
- **Shifts demand:** income, price of a **substitute** / **complement**, tastes, population.
- **Shifts supply:** costs of production, technology, a **subsidy** or **tax**.



The supply curve and its shifts (the matching analysis for supply)

Answer shapes: an **Explain [up to 8]** answer should use a labelled diagram (AO3); **Discuss [12]** adds a judgement (AO4).

2 Practice

2.1 Define the term *demand*. [2]

2.2 State two determinants that shift the demand curve. [2]

2.3 State the effect on the demand for coffee of a rise in the price of tea (a substitute).[1]

3 Exam-style questions

3.1 A fall in the good's **own price** is shown on a demand diagram as a: [1]

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- A** rightward shift of the demand curve
- B** leftward shift of the demand curve
- C** movement down along the demand curve
- D** shift of the supply curve

3.2 Using a demand diagram, explain how a rise in consumer income affects the demand for a normal good. [6]

3.3 Explain two determinants that could shift the supply curve of wheat to the left. [6]