A-LEVEL ECONOMICS • EXERCISE SHEET

2.1 Demand and supply curves

Name: ____________ Class: ________ Date: __________ **Total: 18 marks**

KEY WORDS demand 需求 • supply 供给 • supply curve 供给曲线 • quantity demanded 需求量 • demand curve 需求曲线

Objective

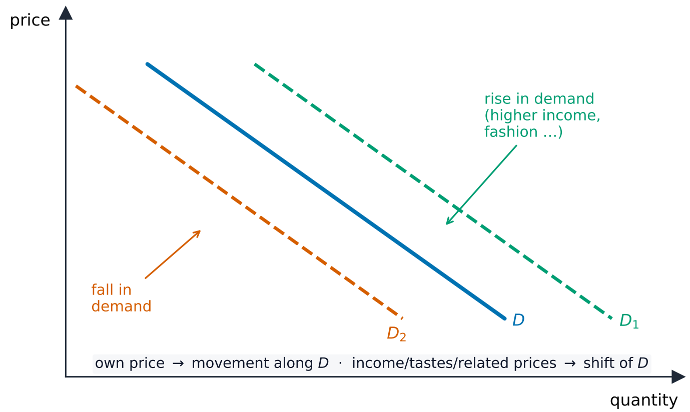
Build the skills to answer exam questions on **demand and supply curves** 需求与供给曲线 — the **laws of demand and supply** 需求与供给定律, the difference between a **movement along** 沿曲线移动 and a **shift** 移动 of a curve, and the **determinants** 决定因素.

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 Worked examples

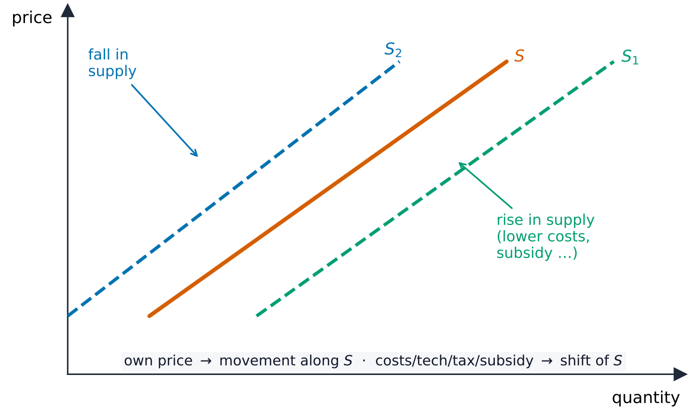
Movements and shifts



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** 替代品 / **complement** 互补品, tastes, population.
- **Shifts supply:** costs of production, technology, a **subsidy** 补贴 or **tax** 税.



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]

- **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]

Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

2.1 the quantity of a good that buyers are willing and able to buy at each price over a period of time (2 for a clear definition; 1 for a partial idea).

2.2 any two of: income; price of a substitute; price of a complement; tastes/fashion; population; advertising (1 + 1).

2.3 the demand for coffee rises (it shifts right) (1).

3.1 C. An own-price change is a movement along the demand curve.

3.2 *[6]* AO1 1 + **AO3 diagram up to 3** (labelled axes price/quantity, demand shifts right $D \to D_1$) + AO2/AO3 up to 2 — higher income raises demand for a normal good → the curve shifts right → at the same price, quantity demanded is higher (and price/quantity rise once supply is added).

3.3 *[6]* For **each** of two determinants: AO1 1 + AO3 up to 2 — e.g. *higher input costs*: dearer fertiliser raises production costs → firms supply less at each price → supply shifts left. *Bad weather*: a poor harvest cuts output → less wheat supplied at each price → supply shifts left. Maximum 3 each.