Solutions

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

Each answer shows the steps, then the **result**.

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