Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

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

2.1

- **equilibrium price** is the price at which quantity demanded **equals** quantity supplied, so there is no pressure for it to change (K)

2.2

- at equilibrium they are **equal** (K)

2.3

- the **interaction of demand and supply** (where they cross) (K)

3.1 C

- at equilibrium, quantity demanded **equals** quantity supplied (K)
- A is a shortage; B is a surplus; D is a market still adjusting

3.2

- draw labelled demand and supply curves that **cross** (K)
- they cross at one point → equilibrium price P_e and quantity Q_e (An)
- here the amount buyers want **exactly equals** the amount firms supply (An)

3.3

- an increase in demand **shifts demand right** (K)
- at the old price there is **excess demand** (a shortage) (An)
- buyers bid the price up; quantity supplied rises along the supply curve → **higher price and higher quantity** (An)