IGCSE ECONOMICS • EXERCISE SHEET

2.7 Price elasticity of supply (PES)

Name: ____________ Class: ________ Date: __________ **Total: 17 marks**

KEY WORDS time 时间 • price elasticity of supply 供给价格弹性 • spare capacity 闲置产能 • stocks 库存 • good 物品

Objective

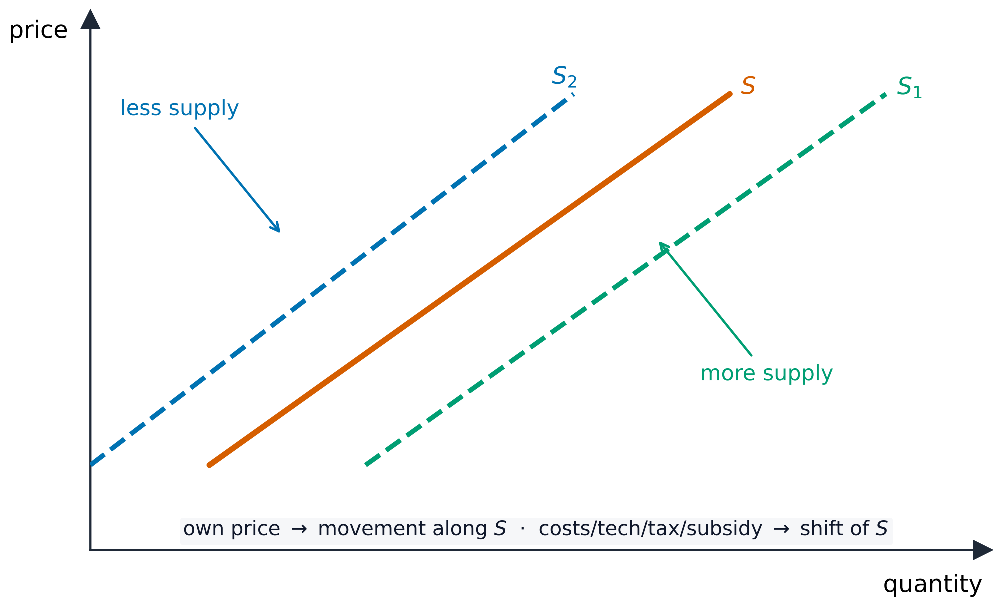
Build the skills to answer exam questions on **price elasticity of supply 供给价格弹性** (PES) — its formula, **elastic and inelastic** supply, and the determinants.

You must be able to:

- calculate and interpret PES
- classify supply as elastic or inelastic
- explain the determinants of PES (time, spare capacity, stocks)

1 Worked examples

Measuring PES



PES measures how strongly quantity supplied responds to price

$$\text{PES} = \frac{\%\text{ change in quantity supplied}}{\%\text{ change in price}}$$

- **Worked:** price +10%, quantity supplied +30% → PES = $\frac{30}{10} = 3$ → **elastic** (>1).
- **More elastic supply when:** more **time** 时间, **spare capacity** 闲置产能, **stocks** 库存, easily switched factors.
- Farm goods often have **inelastic** supply in the short run (crops take a season to grow).

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define *price elasticity of supply (PES).* [2]

2.2 Price rises by 20% and quantity supplied rises by 10%. Calculate the PES and classify the supply. [2]

2.3 State two factors that make supply more elastic. [2]

3 Exam-style questions

3.1 Supply is most likely to be price **inelastic** when: [1]

A	B
C	D

A the firm has spare capacity
B the good can be stored as stock
C the good takes a long time to produce
D factors move easily into the industry

3.2 Explain why the supply of fresh vegetables is often price inelastic in the short run. [4]

3.3 Analyse why the supply of a manufactured good is usually more elastic than the supply of a farm crop. [6]