How prices are determined – GCSE Economics Paper 1

1. No.1

Which of the following best describes the equilibrium price in a market?

[1 mark]

A Where all consumers are satisfied

B Where profit is maximised

C Where quantity supplied equals quantity demanded

D Where quantity supplied exceeds quantity demanded

2. No.2

Which of the following could lead to a reduction in the quantity supplied of a product?

[1 mark]

A A decrease in demand for the product

B A decrease in the cost of making the product

C An increase in the popularity of the product

D An increase in the price of the product

3. No.7

Which of the following is a reason for a firm having price elastic supply?

[1 mark]

A A high amount of spare capacity

B A low number of substitutes

C High consumer incomes

D Low stocks of raw materials

4. No.8

A 5% decrease in the price of newspapers leads to a 4% increase in the quantity demanded. What is the price elasticity of demand for newspapers?

[1 mark]

A –1.25

B –0.8

C +0.8

D +1.25

5. No.9

Which of the following are most likely to be substitutes for each other?

[1 mark]

A Books and tablet computers

B Cars and petrol

C Coffee and sugar

D Torches and batteries

6. No.10

Table 1 shows the quantities of wood supplied and demanded at various prices.

Table 1

Price (£ per tonne)	Quantity demanded (tonnes)	Quantity supplied (tonnes)
25	150	50
50	125	75
75	100	100
100	75	125
125	50	150

What is the excess supply at a price of £100 per tonne?

[1 mark]

A 25 tonnes ⬭

B 50 tonnes ⬭

C 75 tonnes ⬭

D 100 tonnes ⬭

7. No.15

Figure 1 – Price elasticity of demand for two products

Loaf of bread	–0.2
Car	–2.5

Using **Figure 1**, analyse possible reasons for the differences in price elasticity of demand for the two products.

[6 marks]

Extra space

8. No.20

Draw and label the effects of an increase in the price of petrol cars on the market for petrol.

[3 marks]

Market for petrol