IGCSE CIE

Economics MCQ

Price Determination

(QP)

1. May 2024 -11/6

What could cause the price of tea to increase?

A decrease in the demand for tea

B decrease in the price of a substitute good

C increase in the price of a substitute good

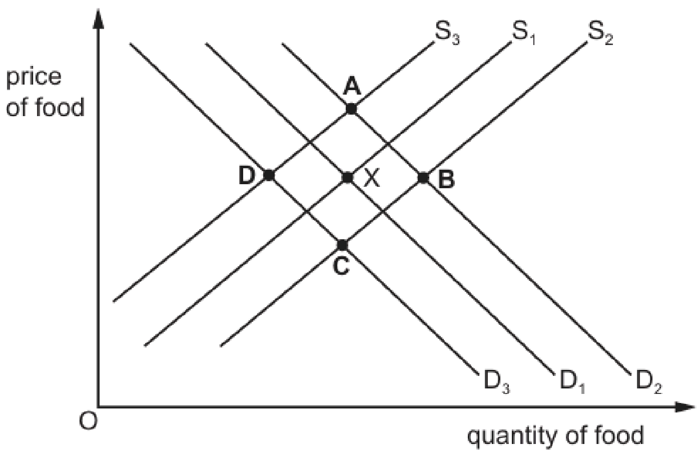
D increase in the supply of tea

2.Oct 2022 -13/6

The shoppers in a country become worried about a sudden and dangerous rise in air pollution and so buy more food in case they have to stay at home. As the air pollution spreads, supermarket staff fall ill and the supermarkets struggle to keep their shelves full of food.

X was the initial equilibrium in the market for food in supermarkets.

What will be the new equilibrium as a result of the above situation?



3.May 2022 -12/6

What will cause the demand curve for a good to shift to the right?

A a decrease in the disposable income of consumers

B a decrease in the price of a complement good

C a decrease in the price of a substitute good

D a decrease in the price of the good

4.May 2022 -13/17

A government decides to increase the indirect tax on petrol. Petrol has an inelastic price elasticity of demand.

What are likely to be the consequences?

	quantity of petrol bought	government revenue
A	decreases	decreases
B	decreases	increases
C	increases	decreases
D	increases	increases

5.March 2022 -12/7

In a country, the total demand for vehicle fuel is price-inelastic. However, the demand for any given brand of vehicle fuel is price-elastic.

If brand X increased its price by 10%, what would be the **most** likely effect?

A Consumer spending on vehicle fuel would decrease.

B The prices of other brands would fall.

C The revenue from brand X would increase.

D The revenue from other brands would increase.

6. May 2021 -11/7

A tailor has four customers for her range of suits. The table shows the yearly demand for the suits she makes.

demand for suits				
suit price ($)	customer R	customer S	customer T	customer U
800	4	1	2	2
900	4	0	1	2
1000	3	0	1	1
1100	2	0	0	1

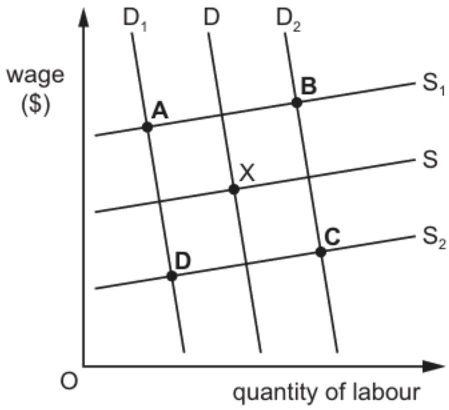
Which price should be charged to maximise the tailor's yearly revenue?

A $800 **B** $900 **C** $1000 **D** $1100

7. May 2021 -12/7

7 The diagram shows the market for information technology (IT) graduates. The original equilibrium was X. Later, more IT students graduated from university and greater use of artificial intelligence (AI) increased the demand for IT staff.

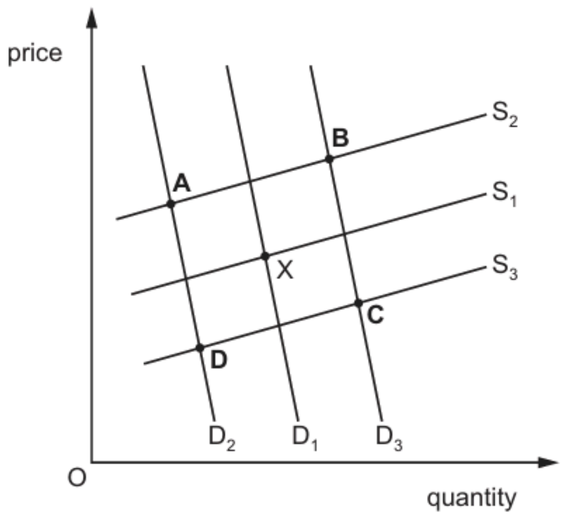
What is the new equilibrium?



8. May 2021 -13/7

The diagram shows the market for oil. The original equilibrium is X. Oil producers discover a new source of oil while there is economic growth.

What is the new equilibrium?



9. March 2021 -12/7

The diagram shows the market equilibrium E for product X. Product X has a downward sloping demand curve and an upward sloping supply curve.

The price of a substitute good falls.

Into which area of the diagram would the market equilibrium for product X move?