

# 10

## Price changes

- 1 Which is the most probable outcome if a government raises the tax on the sale of cigarettes and tobacco?  
A higher price and higher quantity traded      C lower price and higher quantity traded  
B higher price and lower quantity traded      D lower price and lower quantity traded
- 2 Which factor below would **not** cause a rightwards shift of the supply curve for the agricultural sector?  
A government subsidies for farmers      C technological progress in agriculture  
B favourable weather conditions      D higher costs of fertilisers
- 3 Which of the factors below would **not** cause a rightwards shift of the demand curve for petrol cars?  
A effective persuasive advertising      C imposition of a new vehicle registration tax  
B higher disposable household income      D significantly higher prices of electric cars
- 4 What is the general outcome if there is excess demand in a market?  
A The price falls.      C The price falls but demand rises.  
B The price rises.      D The quantity traded rises.
- 5 What is most likely to occur in the market for Nike sports shoes following a fall in price of Adidas sports shoes?  
A Quantity demanded falls.      C The price falls and quantity demanded rises.  
B Quantity demanded rises.      D The price rises and quantity demanded falls.

6 State **two** factors that would cause the supply curve for a product to shift to the left. [2 marks]

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7 Give one reason why technological progress might increase prices, and one reason why it might cause prices to fall. [2 marks]

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**10 PRICE CHANGES**

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**8** Explain **two** factors that might cause the price of milk to fall. [4 marks]

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**9** Explain the impact of the imposition of higher fuel taxes on the market for motor vehicles. [4 marks]

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**10** In 2017, Starbucks opened its largest outlet — a 30 000-square-foot store in Shanghai, China, capable of serving up to 550 customers at one time. At the time, the coffee company already had 3000 coffee shops in China, and announced plans to increase this to 5000 stores by 2021. Explain **two** factors that may have increased the demand for Starbucks coffee in China. [4 marks]

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