PEARSON EDEXCEL IAL ECONOMICS · YEC11

ECONOMICS



EXAM QUESTION PACK

UNIT 1: SUPPLY

SCORE	PERCENTAGE
/150	%

STEMUP

These questions belong to Pearson Edexcel, not to us.

The examination questions, mark schemes and examiner comments in this pack were written and published by Pearson Edexcel. They are past assessment materials, reproduced here so that students can revise from them.

What we do not own

STEMUP is not affiliated with Pearson Edexcel and does not own, and makes no claim to own, any of the question, mark scheme or examiner report material in this pack. Pearson Edexcel has not endorsed, approved or been involved in the production of it. Pearson Edexcel and the qualification titles used here belong to their respective owners and appear for identification only.

Where to find the originals

Pearson Edexcel publishes its past papers, mark schemes and examiner reports free of charge. Always check the current specification at qualifications.pearson.com before you revise, because content and wording can change between series.

If you hold the rights to any material in this pack and would like it amended or removed, contact admin@stemup.co.uk and we will act on it.

Q1.

The table shows the quantity of coffee beans supplied globally and average coffee bean prices in 2019 and 2020.

	Average price of coffee beans, per pound (lb)	Quantity of coffee beans supplied, million bags
2019	$1.36	169.0
2020	$1.02	167.4

Ceteris paribus, calculate the price elasticity of supply for coffee beans.
Show your workings.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q2.

The table shows the average world price of wheat per metric tonne and the quantity of wheat supplied globally in 2019 and 2020.

	Average wheat price per metric tonne	Quantity of wheat supplied, metric tonnes
2019	$152.97	732 million
2020	$176.48	777 million

Ceteris paribus, calculate the price elasticity of supply of wheat. Show your workings.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q3.

In 2019 Netflix increased the price of its basic subscription streaming service from $7.99 to $8.99 in the USA. It was estimated that there would be an 8% decrease in the number of consumers with Netflix subscriptions.

Ceteris paribus, calculate the price elasticity of demand for the basic subscription for Netflix. Show your workings.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q4.

The table shows the global volume of olive oil produced in tonnes and the global price of olive oil per tonne in 2021 and 2022.

Year	Volume of olive oil produced in tonnes	Price of olive oil, per tonne
2021	2.93m	$4 125
2022	3.27m	$5 145

Ceteris paribus, calculate the price elasticity of supply for olive oil. Show your workings.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q5.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

Define the term 'supply' (Extract A, line 8).

.....

.....

.....

.....

.....

.....

(Total for question = 2 marks)

Q6.

In 2021 Spain produced 1.4 million tonnes of olives, accounting for 50% of world production. In 2022 a prolonged heatwave in Spain resulted in its olive production falling to 1.0 million tonnes.

Draw a diagram to illustrate the likely impact of this change on the world market for olives.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q7.

Fertiliser is used by farmers to increase the output of crops per acre of farmland. In 2021 farmers experienced a 400% increase in the cost of fertiliser. Between March 2021 and March 2022 the global food price index increased by 38%.

Evaluate the impact of the 400% increase in the cost of fertiliser on farmers and households.

Include one diagram to show the impact on farmers in your answer.

(Total for question = 20 marks)

Q8.

According to a German insurance company, global natural disasters have become more common in recent years. For example, there was an increase in natural disasters from 400 in 1990 to 820 in 2019.

Evaluate the microeconomic effects of an increase in the number of natural disasters.

Include at least one appropriate diagram in your answer.

(Total for question = 20 marks)

Q9.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering the question.

With reference to Extract A, explain **one** factor that is likely to influence the price elasticity of supply for cocoa beans.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q10.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract A, explain **one** factor that is likely to influence the price elasticity of supply for sugar.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q11.

In 2022 the Government of Zimbabwe introduced a tax on energy drinks of $0.05 per litre and a

tax on smartphones of $50 per device. In 2023 the Government increased its VAT (consumption tax) rate from 14.5% to 15%.

With reference to Zimbabwe, explain the difference between a 'specific tax' and an 'ad valorem tax'.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q12.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet before answering the question.

Explain what is meant by the term 'inelastic supply'. Refer to Figure 1 and Extract A in your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q13.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract B, explain why the supply of new houses is likely to be price inelastic.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q14.

Study Figure 1, Extract A, Figure 2 and Extract B in the Source Booklet before answering this question.

With reference to Extract A, examine **two** likely effects of an increase in the price of copper on plumbing firms that replace water pipes in customers' homes.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 8 marks)

Q15.

In Ho Chi Minh City, Vietnam, the price of sand increased from VND510 000 to VND695 000 per cubic metre between April and May 2017. This was caused by reduced supply from Vietnamese mining companies.

Explain the likely impact of this change on producer surplus in the market for sand. Illustrate

your answer with a diagram.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q16.

Study Extracts A, B and C and Figure 1 in the Source Booklet before answering this

question.

With reference to the second paragraph of Extract A, explain the phrase 'the supply of semiconductors is inelastic.'

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

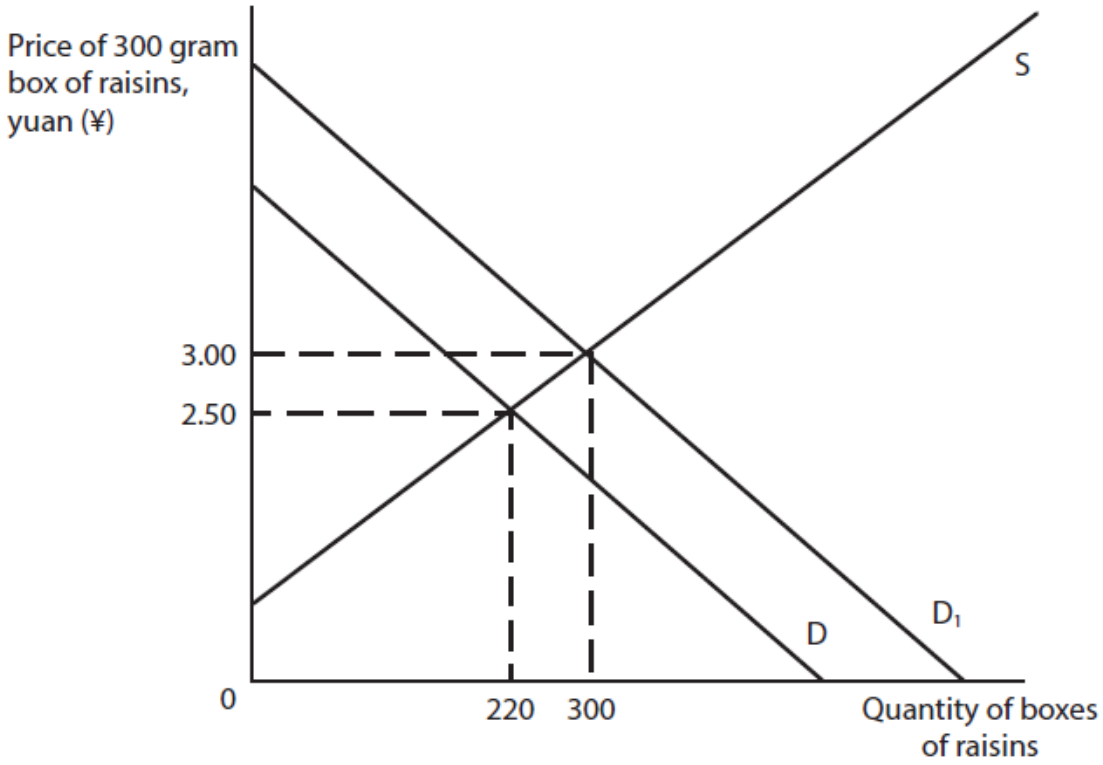
.....

.....

(Total for question = 4 marks)

Q17.

The diagram shows the market for 300 gram boxes of raisins in China.



Which **one** of the following is the price elasticity of supply for boxes of raisins when the demand curve shifts from D to D^1?

☒ **A** –1.82

☒ **B** –0.55

☒ **C** +0.55

☒ **D** +1.82

(Total for question = 1 mark)

Q18.

The table shows the estimated price elasticity of supply for three commodities.

Commodities	Estimates of price elasticity of supply
Corn	+0.23
Rice	+0.27
Wheat	+0.31

(Source: http://ageconsearch.umn.edu/bitstream/19267/1/sp05zh01.pdf)

Which **one** of the following can be deduced from the table?

☒ **A** Corn, rice and wheat have price elastic supply

☒ **B** A 10% increase in the price of corn will cause a 23% increase in quantity supplied

☒ **C** A 10% increase in the price of rice will cause a 2.7% decrease in quantity supplied

☒ **D** A 10% increase in the price of wheat will cause a 3.1% increase in quantity supplied

(Total for question = 1 mark)

Q19.

The table shows the estimated price elasticity of supply for cotton in selected countries.

Australia	0.46
Egypt	0.16
India	0.31
Mexico	1.08

(Source: http://www.fao.org/3/a-ah470e.pdf)

Which **one** of the following can be deduced from the table?

☒ **A** Supply is price elastic in India

☒ **B** Supply is price inelastic in Mexico

☒ **C** Supply is least responsive to a change in price in Egypt

☒ **D** Supply is most responsive to a change in price in Australia

(Total for question = 1 mark)

Q20.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to the first paragraph of Extract B, explain what is meant by 'the supply of rubber is price inelastic'.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q21.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract B, explain whether the supply of nuclear reactors is price elastic or price inelastic.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q22.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Figure 2, explain the term ‘price inelastic supply’. Refer to the short-run and the long-run in your answer.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q23.

The table shows the average world price of cocoa per metric tonne and the quantity supplied globally in 2020 and 2021.

Year	Average world price of cocoa per metric tonne	Quantity of cocoa supplied, metric tonnes
2020	$ 2 131	4 741 000
2021	$ 2 770	5 242 000

Ceteris paribus, calculate the price elasticity of supply for cocoa. Show your working.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q24.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In 2022 average house prices in China decreased by 2.1%. Research into the housing market in China estimated that the price elasticity of supply for new houses was 2.8.

Ceteris paribus, which **one** of the following can be deduced from this information?

☒ **A** The supply of new houses would decrease by 5.88%

☒ **B** The supply of new houses would increase by 5.88%

☒ **C** The supply of new houses would increase by 1.33%

☒ **D** The supply of new houses would decrease by 1.33%

(Total for question = 1 mark)

Q25.

Study Figures 1 and 2 and Extracts A and B in the Source Booklet.

With reference to Figure 2 and Extract A, examine the likely price elasticity of supply for palm oil.

(Total for question = 8 marks)

Q26.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract B, explain whether the supply of phosphate rock is likely to be price elastic or price inelastic.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for question = 4 marks)

Q27.

Between Q4 2016 and Q4 2019 the global price of gold increased from $1 275 to $1 481 per ounce. Over the same period, the global supply of gold increased from 888.8 tonnes to 889.5 tonnes. Only 10 countries mine 62% of global output.

Evaluate reasons why the supply of gold is price inelastic.

(Total for question = 20 marks)