**DEMAND AND ELASTICITY KNOWLEDGE ASSESSMENT**

1. DEFINITIONS: [2 marks for each]

|  |  |
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| DEMAND |  |
| COMPLEMENTARY GOODS |  |
| SUBSTITUTE GOODS |  |
| NORMAL GOOD |  |
| INFERIOR GOOD |  |
| FACTORS OF PRODUCTION |  |
| OPPORTUNITY COST |  |

1. Identify 4 factors that influence demand.

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1. Draw a demand curve to show what would happen to the demand for eggs in each of the following circumstances.

P

P

The price of bacon falls

The price of eggs falls

Q

Q

Newspapers report the health benefits of eggs

The price of toilet rolls falls

P

P

1. The price of good A changes from £15.00 to £15.45. Demand for good A falls from 10,000 units to 9,400. Work out the PED for Good A [3 marks]

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1. If a business increases price for an elastic product what happens to producer’s revenue? Explain your answer. [2 marks]

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Exam Practice Questions

























