

Questions *Microeconomics* (with answers)

1a Markets, demand and supply

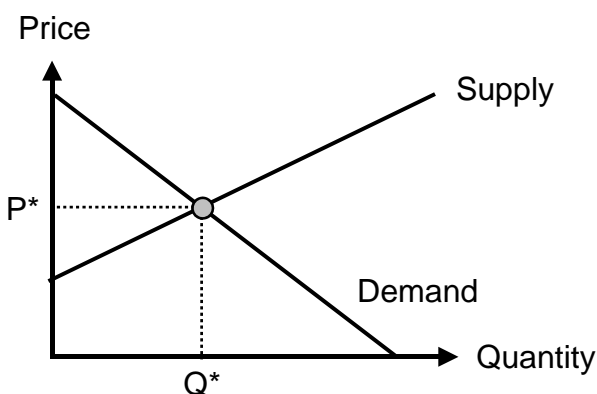
01 Price and quantity 1

Price	Demand	Supply
0	100	0
1	80	30
2	60	60
3	40	90
4	20	120
5	0	150

- ① Draw demand and supply using a graph.
- ② Describe the situation if
 - Price = 1
 - Price = 4

02 Price and quantity 2

Market for chocolate



What happens to equilibrium price P^* and equilibrium quantity Q^* if

- ① the price of cocoa falls;
- ② people become more health conscious and consume less calories;
- ③ both the price of cacao falls and people become more health conscious and consume less calories?

03 Price and quantity 3

$$\begin{aligned} \text{Demand} &= 2200 - 200P && (P = \text{Price}) \\ \text{Supply} &= 800 + 500P \end{aligned}$$

Calculate the equilibrium price and the equilibrium quantity.

04 Movements along the demand curve vs shifts in demand

True or false? "If the price of a good falls, demand increases."

05 Shifts in demand and in supply

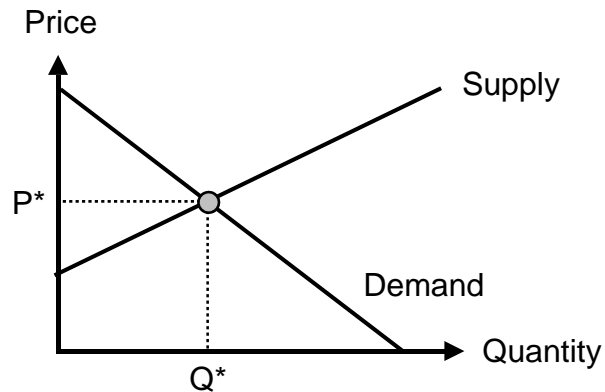
Answer these questions in the cases ①, ②, ③ and ④: .

- Is supply or demand affected?
- Is supply or demand increasing or decreasing?
- What happens to the equilibrium price and to the equilibrium quantity?

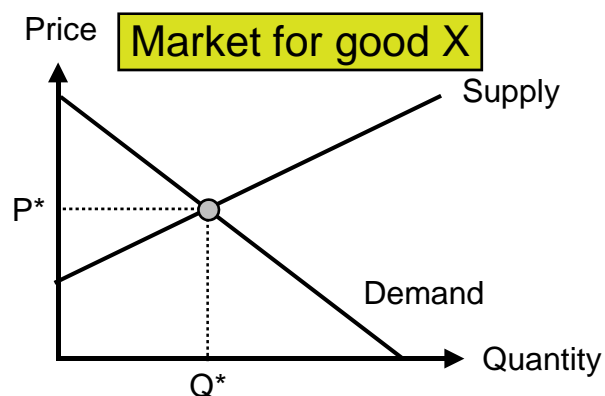
- ① The good becomes fashionable.
- ② Input prices fall.
- ③ Income rises (normal good).
- ④ Higher consumption taxes are introduced.

06 Consumer and producer surplus

Determine the consumer and the producer surplus:



07 Normal and inferior goods



Now incomes fall. What happens to the market for good X if

- ① X is a normal good;
- ② X is an inferior good?

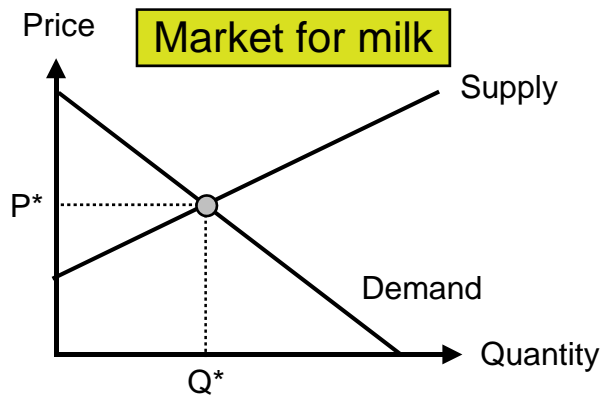
Use graphs to answer these questions.

08 Substitutes and complements

Good A and good B are related to each other, either being substitutes or complements. Now the price of good B rises. Illustrate the impact on the market for good A (with graphs) if

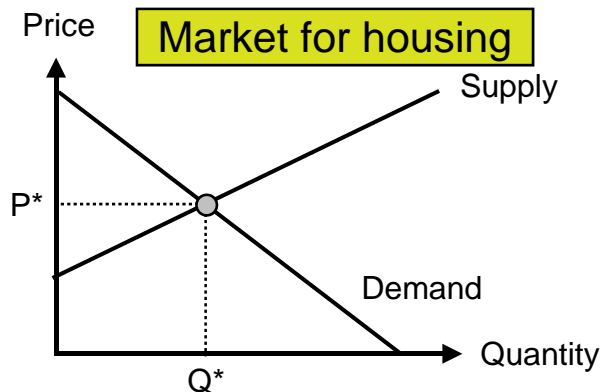
- ① A and B are substitutes;
- ② A and B are complements.

09 Minimum price



The government imposes a minimum price. Illustrate the impact on the market for milk.

10 Maximum price



The government imposes a maximum price. Illustrate the impact on the market for housing.

To 1b Markets, demand and supply (Multiple choice)

→ [Answers. Click here!](#)