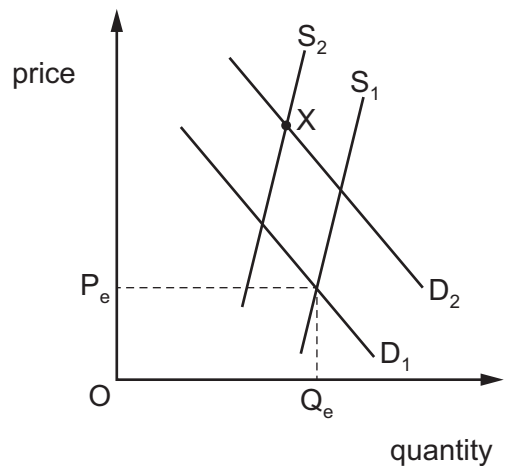


- 10 The diagram shows the market for cocoa, which is a normal good. Initially the market is in equilibrium with price P_e and quantity Q_e bought and sold.



Which sequence of events (event 1 followed by event 2) must have occurred in order to move to the new equilibrium at point X?

	event 1	event 2
A	a decline in popularity of cocoa	the removal of a subsidy previously paid to cocoa producers
B	a decrease in disposable income	a decrease in costs of producing cocoa
C	an increase in disposable income	an increase in the number of cocoa producers
D	a successful advertising campaign by cocoa producers	an increase in the taxation of cocoa

- 11 Goods X and Y are complements and have upward-sloping supply curves.

What will be the effect on the equilibrium price and quantity of good X of an increase in the supply of good Y?

	quantity of X	price of X
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase