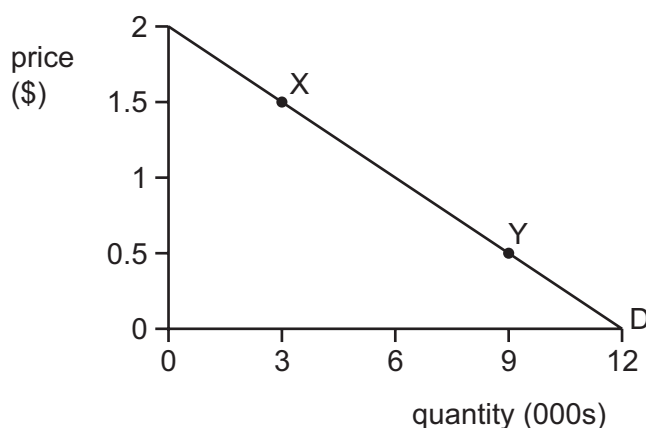


- 5 Which statement correctly describes the area of producer surplus on a demand and supply diagram?
- A It is above the supply curve and below the equilibrium price line.
 - B It is above the supply curve and below the demand curve.
 - C It is below the demand curve and above the equilibrium price line.
 - D It is below the supply curve and above the horizontal axis.
- 6 The diagram shows a demand curve for pineapples.



What happens to the value of price elasticity of demand (PED) when there is a movement from point X to point Y and what describes the value of PED at point Y?

| | effect on value of PED | value of PED at Y |
|----------|------------------------|-------------------|
| A | fall | elastic |
| B | fall | inelastic |
| C | rise | elastic |
| D | unchanged | unitary |

- 7 In a free market, there is a surplus of a good.

Which change would cause the market to come to an equilibrium?

- A a decrease in demand
- B a fall in price
- C a government minimum price
- D an increase in supply