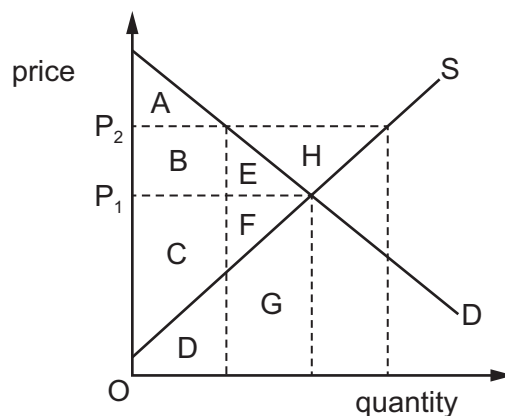


- 5 In which situation is the price elasticity of supply for a product most likely to be relatively low?
- A Demand for the product comes from a wide range of customers.
  - B Producers in closely related industries can easily switch to making the product.
  - C Manufacture of the product requires highly skilled labour.
  - D The main raw material used in the production of the product is in abundant supply.
- 6 The diagram shows supply and demand for a good.



If price increases from  $P_1$  to  $P_2$ , what will happen to consumer surplus?

- A It falls from ABE to A.
  - B It falls from CDFG to BCD.
  - C It increases from CF to BCEF.
  - D It increases from CF to BCEFH.
- 7 What can be concluded about the roles of demand and supply in a free market?
- A They allocate resources to the greatest needs.
  - B They ensure that goods and services are distributed equally.
  - C They are both significant in setting the market price.
  - D They ensure that everyone can benefit from the good or service provided.