



# eLearneconomics: Core – Supply (1)

## Student response \_\_\_\_\_

**(a)** Complete these statements on supply.

- (i) \_\_\_\_\_ is defined as the quantity of a good or service a supplier will willingly bring to the market at a range of prices.
- (ii) A \_\_\_\_\_ is a table of figures setting out the quantity supplied that a firm or business will supply to the market at a range of prices. Conventionally a supply schedule is drawn with:
- quantity supplied shown in the \_\_\_\_\_ with units.
  - price shown in the \_\_\_\_\_ with units.
  - a \_\_\_\_\_ indicating the name of the firm, what is being supplied and the \_\_\_\_\_ period.
  - Pairs of price and quantity supplied values in either \_\_\_\_\_ or \_\_\_\_\_ order.
- (iii) In response to a change in the price of a product there will be a \_\_\_\_\_ the supply curve.
- (iv) A movement up the supply curve is called \_\_\_\_\_ and is in response to an \_\_\_\_\_.
- (v) A movement down the supply curve is called \_\_\_\_\_ and is in response to a \_\_\_\_\_.
- (vi) \_\_\_\_\_ is a Latin term meaning all other factors are assumed to remain unchanged.

**(b)** (i) State the law of supply.

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(ii) Explain the law of supply.

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## Solutions

(a) Complete these statements on supply.

- (i) Supply is defined as the quantity of a good or service a supplier will willingly bring to the market at a range of prices.
- (ii) A supply schedule is a table of figures setting out the quantity supplied that a firm or business will supply to the market at a range of prices. Conventionally a supply schedule is drawn with:
- quantity supplied shown in the right-hand column with units.
  - price shown in the left-hand column with units.
  - a title indicating the name of the firm, what is being supplied and the time period.
  - Pairs of price and quantity supplied values in either ascending or descending order.
- (iii) In response to a change in the price of a product there will be a movement along the supply curve.
- (iv) A movement up the supply curve is called an increase in quantity supplied and is in response to an increase in price of a product.
- (v) A movement down the supply curve is called a decrease in quantity supplied and is in response to a decrease in the price of a product.
- (vi) Ceteris paribus is a Latin term meaning all other factors are assumed to remain unchanged.

(b) (i) State the law of supply.

A decrease in price will lead to a decrease in quantity supplied, ceteris paribus or other things being equal. OR  
an increase in price will lead to an increase in quantity supplied, ceteris paribus.

(ii) Explain the law of supply.

As the price of a good increases there is an added incentive for the producer to increase quantity supplied  
because price/revenue covers the costs more easily and producing goods becomes relatively more profitable.

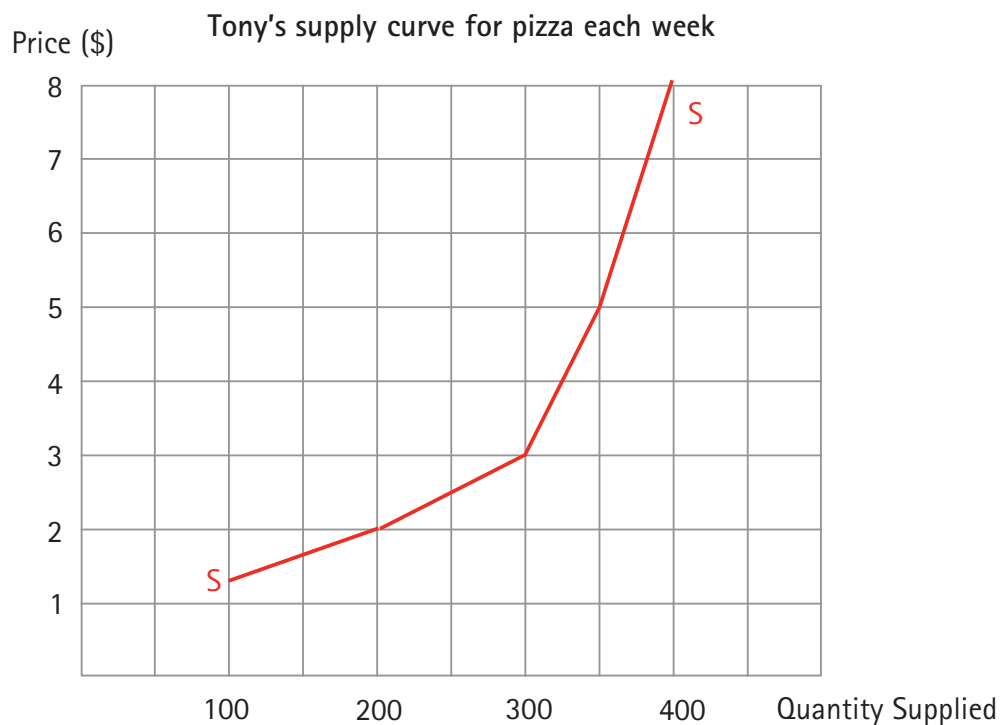


## eLearneconomics: Core – Supply (2)

### Student response \_\_\_\_\_

(a) Complete the supply schedule using the graph provided.

2	
3	
5	
8	



(b) Define individual supply.

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(c) What does ceteris paribus mean?

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(d) Explain how the supply curve illustrates the law of supply.

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(e) Fully explain what Tony might do if the price per pizza falls below \$1.00 per pizza.

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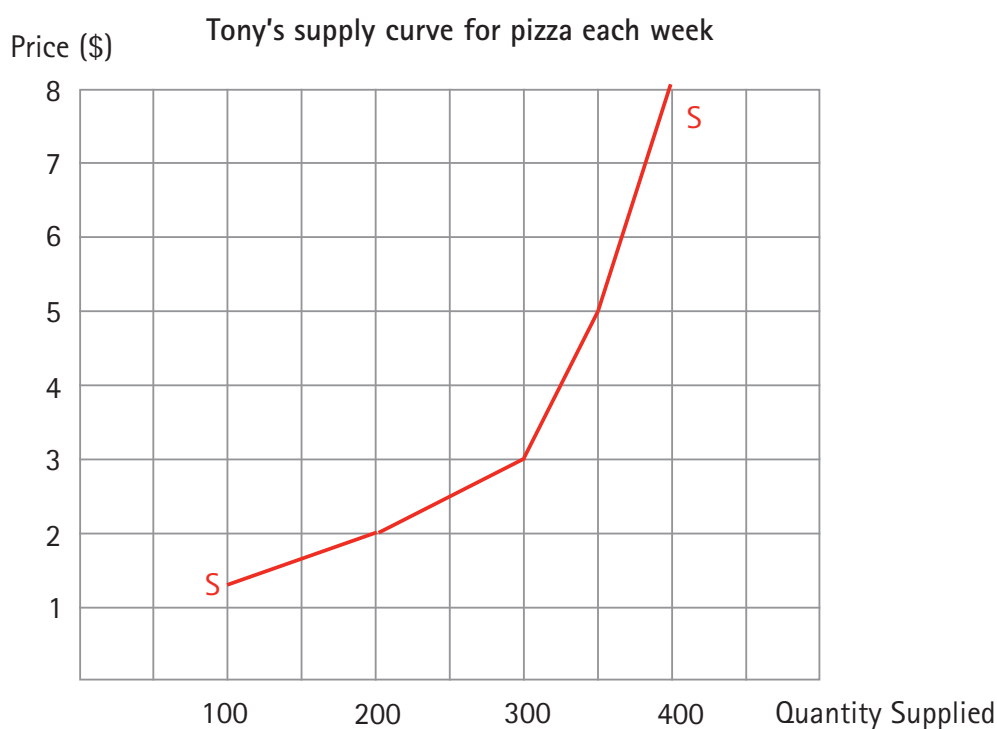
# eLearneconomics: Core – Supply (2a)



## Solutions

(a) Complete the supply schedule using the graph provided.

Tony's supply schedule for pizza each week	
Price (\$)	Quantity Supplied
2	200
3	300
5	350
8	400



(b) Define individual supply.

The quantity/amount of a good or service producers are willing and able to produce/provide.

(c) What does ceteris paribus mean?

All other factors (not price) being equal/held constant.

(d) Explain how the supply curve illustrates the law of supply.

A decrease in price will lead to a decrease in quantity supplied, ceteris paribus or other things being equal; an increase in price will lead to an increase in quantity supplied.

(e) Fully explain what Tony might do if the price per pizza falls below \$1.00 per pizza.

If the price falls below \$1.00 per pizza Tony is unlikely to be able to cover his costs. His revenue will be lower and supplying pizza will be less profitable. Tony is likely to reduce his quantity supplied or shut down.



# eLearneconomics: Core – Supply (3)

Student response \_\_\_\_\_

(a) In Economics, what is the name given to the table below?

Cheese factory supply table for cheese each month	
Price (\$ per kg)	Quantity Supplied (kg)
1	100
6	500
10	700
14	900

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(b) Draw the information from the table in the grid below.


(c) Describe the effect of a change in the price of cheese from \$10 per kg to \$6 per kg.

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(d) Explain what is meant by individual supply.

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(e) Explain why the supply curve slopes up to the right.

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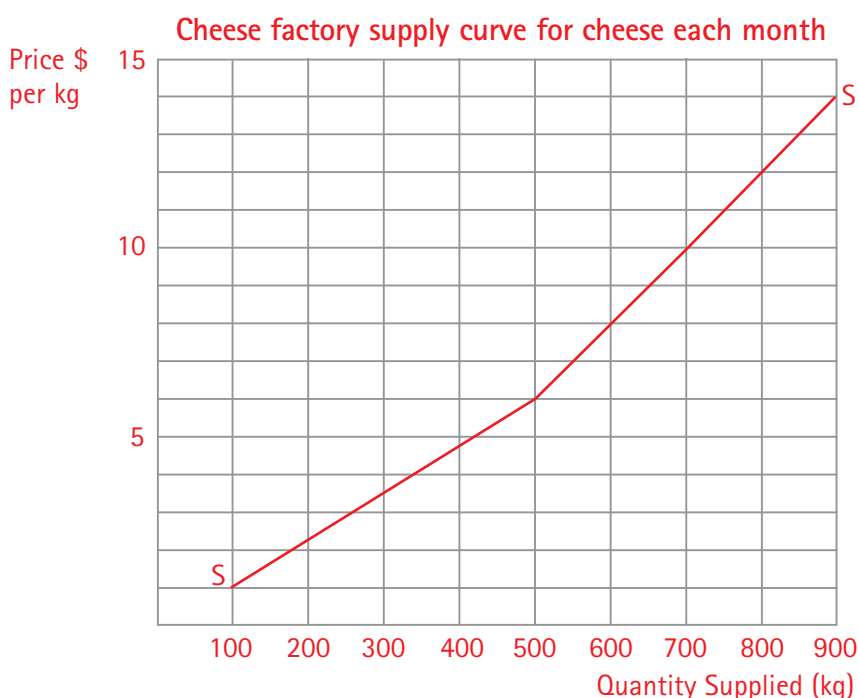
## Solutions

(a) In Economics, what is the name given to the table below?

Cheese factory supply table for cheese each month	
Price (\$ per kg)	Quantity supplied (kg)
1	100
6	500
10	700
14	900

Supply schedule.

(b) Draw the information from the table in the grid below.



(c) Describe the effect of a change in the price of cheese from \$10 per kg to \$6 per kg.

A movement along the supply curve resulting in a decrease in quantity supplied from 700 kg of cheese to 500 kg of cheese.

(d) Explain what is meant by individual supply.

The quantity of a good or service one (a) supplier will willingly bring to the market at a range of prices.

(e) Explain why the supply curve slopes up to the right.

As the price of the good increases, the quantity supplied by the firm will increase. This enables the producer to increase their profits/revenue.

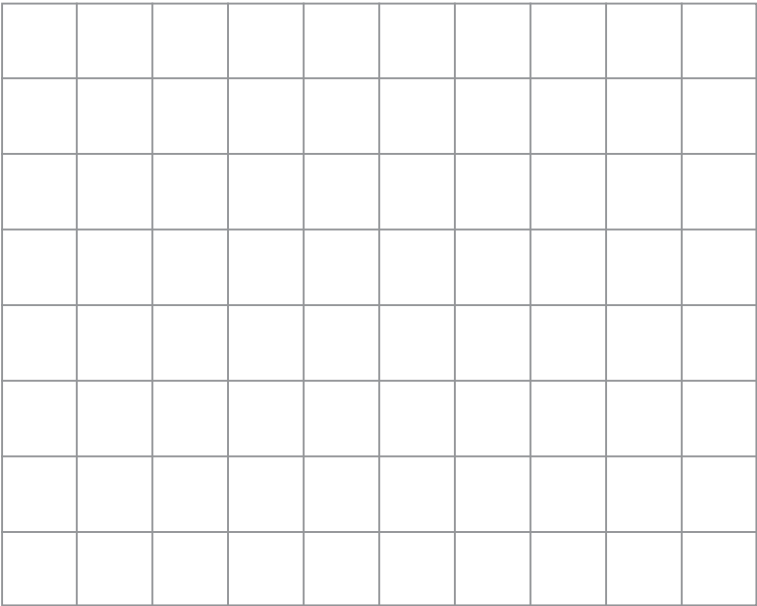


# eLearneconomics: Core – Supply (4)

## Student response \_\_\_\_\_

(a) Use the schedule below to draw a supply curve. Show the effects of a price increase from \$400 to \$800 per surfboard.

Frank's supply schedule for surfboards each week	
Price (\$)	Quantity supplied
300	0
400	4
600	7
800	9



(b) Explain why Frank will not supply any surfboards when the price is \$300.

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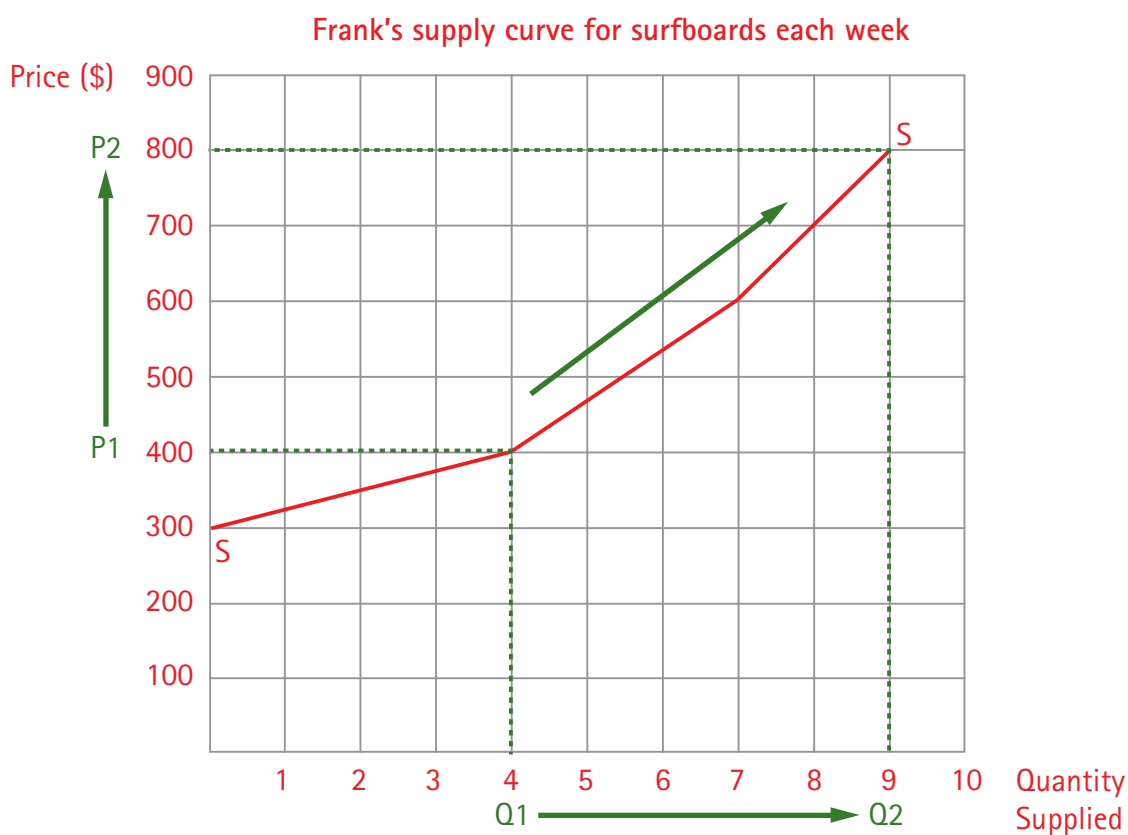
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## Solutions

- (a) Use the schedule below to draw a supply curve. Show the effects of a price increase from \$400 to \$800 per surfboard.

Frank's supply schedule for surfboards each week	
Price (\$)	Quantity supplied
300	0
400	4
600	7
800	9



- (b) Explain why Frank will not supply any surfboards when the price is \$300.

When the price is \$300 Frank is unable to cover the costs of producing surfboards, so producing surfboards is not profitable.