**Exam practice**

1. Using an appropriate demand and supply diagram, explain the impact on the market price and quantity traded in each of the following cases:
2. The market for air travel following the imposition of higher fuel taxes. [5]

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1. The market for Pepsi Cola following a fall in the price of Coca-Cola. [5]

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1. The market for sushi following a successful marketing campaign promoting the health benefits from eating rice and raw fish. [5]

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1. The market for Samsung digital cameras following new technologies that improve productivity in its factories. [5]

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1. In 2012, Danish toymaker LEGO launched LEGO Friends to appeal primarily to girls. The products include mini-doll figures, pink and purple toy sets and pets.  
   Founded in 1949, LEGO's popular toy construction bricks were targeted mainly at boys with popular LEGO theme sets such as LEGO Racers, LEGO Star Wars, LEGO Batman and LEGO Ninjago.  
   In early 2013, the San Francisco Chronicle reported that LEGO had sold twice as many of the LEGO Friends toys as was expected. The company said that demand from children and their families was overwhelmingly positive. Business Week reported that LEGO had spent $40 million in its global marketing of LEGO Friends.
2. Define the term 'demand'. [2]

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1. Explain two possible reasons for the higher than expected demand for the LEGO Friends toy construction bricks. [6]

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1. Below is a demand and supply schedule for carrots in a country.

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| --- | --- | --- |
| **Price per KG ($)** | **Quantity demanded per month (KG)** | **Quantity supplied per month (KG)** |
| 9 | 10,000 | 40,000 |
| 8 | 15,000 | 35,000 |
| 7 | 20,000 | 30,000 |
| 6 | 25,000 | 25,000 |
| 5 | 30,000 | 20,000 |
| 4 | 35,000 | 14,000 |
| 3 | 40,000 | 8,000 |

1. Plot and label the demand and supply curves on a suitable graph.
2. Establish the equilibrium price and quantity traded. [6]
3. Using your graph, determine the excess demand at a price of $5 per kilo. [2]
4. Using your graph, determine the excess supply at a price of $8 per kilo. [2]