

# 2.5 Price Determination

## Question Paper

Course	CIE IGCSE Economics
Section	2. The Allocation of Resources
Topic	2.5 Price Determination
Difficulty	Medium

**Time allowed:** 10  
**Score:** /3  
**Percentage:** /100

### Question 1

What is meant by the equilibrium price in the market for a good?

- A. the average price paid by consumers
- B. the price at which maximum profit is made
- C. the price at which the producer breaks even
- D. the price at which the supply and demand curves intersect

[1 mark]

### Question 2

What is meant by equilibrium in a market?

- A. where products offered for sale equal consumer demand
- B. where profit is at the expected level
- C. where the quantity of inputs equals the quantity of output
- D. where total costs equal total revenue

[1 mark]

### Question 3

A newspaper reported that 'The world market for coffee has returned to equilibrium'.

Which situation supports this statement?

- A. A sequence of poor harvests resulted in shortages.
- B. Decreased transport costs led to a surplus of supply.
- C. Farmers matched demand by planting more coffee bushes.
- D. The price of coffee was fixed between producers.

[1 mark]