2.8 Price Elasticity of Supply (PES)

Question Paper

Course	CIE IGCSE Economics
Section	2. The Allocation of Resources
Topic	2.8 Price Elasticity of Supply (PES)
Difficulty	Medium

Time allowed: 10

Score: /4

Percentage: /100

Question 1

The table shows the effect of a change in the market price from $5 to $6 on the supply of mobile (cell) phones.

price ($)	supply (units)
5	10000
6	15000

Which statement about the price elasticity of supply of mobile phones is correct?

A. Price elasticity of supply is 0.4.

B. Price elasticity of supply is 2.5.

C. Supply is perfectly elastic.

D. There is unit elasticity.

[1 mark]

Question 2

The price elasticity of supply of a good is 2. The price of the good then falls by 10%.

What is the effect on quantity supplied?

A. It falls by 0.2%.

B. It falls by 20%.

C. It increases by 0.2%.

D. It increases by 20%.

[1 mark]

Question 3

The table shows the quantity that producers are willing to supply at different price levels.

price ($)	quantity supplied
120	20
150	40
180	80

If the price increases from $120 to $180, what would be the price elasticity of supply?

A. 0.16

B. 4

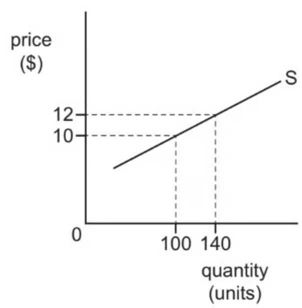
C. 6

D. 60

[1 mark]

Question 4

The diagram shows the supply curve for a good.



What is the price elasticity of supply when the price rises from $10 to $12?

A. 0.5

B. 0.75

C. 1.4

D. 2.0

[1 mark]