

1

90985



909850



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KĪA NOHO TAKATŪ KI TŌ ĀMUA AO!

SUPERVISOR'S USE ONLY

Level 1 Economics, 2015

90985 Demonstrate understanding of producer choices using supply

2.00 p.m. Wednesday 25 November 2015

Credits: Three

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of producer choices using supply.	Demonstrate in-depth understanding of producer choices using supply.	Demonstrate comprehensive understanding of producer choices using supply.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

ASSESSOR'S USE ONLY

QUESTION ONE: LAW OF SUPPLY

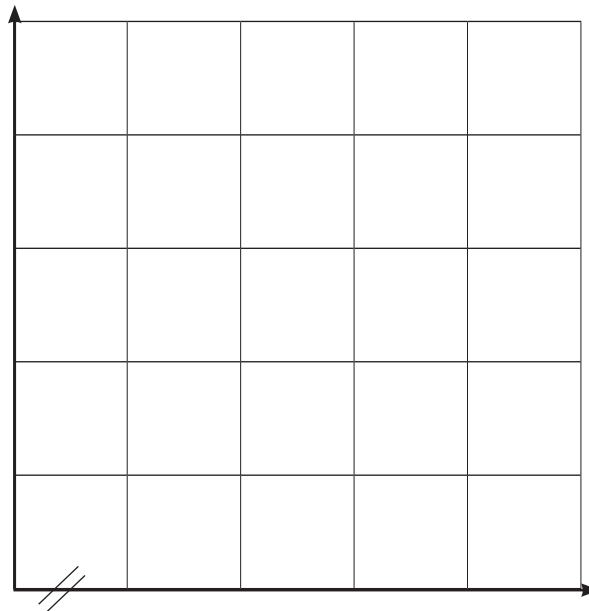
Cade is an orchardist who grows cherries and other fruit.

- (a) Using the supply schedule below, complete Cade's monthly supply curve for cherries.

Cade's monthly supply of cherries

Price (\$/kg)	Quantity (000 kg)
20	125
15	120
10	110
5	100

Title: _____



- (b) On the graph above, show the effect on the quantity of cherries supplied, if the price per kg increases from \$10 to \$20. Fully label all changes.
- (c) Discuss the effect on Cade's supply of cherries when the price of cherries increases from \$10 to \$20 per kg. The price increase is expected to last for a significant period of time. In your answer:
- describe the law of supply by referring to the relevant data from the supply schedule or from your graph above
 - fully explain the reason for the law of supply in the context of Cade's supply of cherries
 - suggest a possible related good for cherries, and explain why this is a related good
 - fully explain the effect of the change in price of cherries on Cade's supply of the suggested related good.

