



ECONOMICS

GENERAL COURSE

Marking key for the Externally set task

Sample 2016

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Economics

Externally set task – marking key

1. Identify the factor affecting the mango market and describe why this has caused mango prices to increase rapidly (soar).

Description	Marks
Correctly identifies the factor affecting the mango market.	1
Describes the reason why the price of mangoes has risen.	1
Total	2
Specific content:	
<ul style="list-style-type: none"> the factor affecting the mango market is adverse weather conditions the price of mangoes has risen due to a shortage of mangoes/supply as fewer mangoes have grown due to the weather conditions. 	

2. Demonstrate, on the diagram below, and explain the change in market equilibrium that has occurred in the mango market.

Description	Marks
On the diagram, correctly: <ul style="list-style-type: none"> draws an original demand and supply curve on the diagram provided labels the demand and supply curves demonstrates the change in supply of mangoes identifies the new equilibrium price and quantity. 	1–4 (1 mark each)
Explains the change in market equilibrium in the mango market using appropriate terminology and the application of the demand and supply model.	1–2
Total	6
Specific content:	
Diagram <ul style="list-style-type: none"> the supply curve moves to the left (a decrease in supply) the new equilibrium is at price \$60 and quantity 1000. Changes in market equilibrium as a result of the decrease in supply <ul style="list-style-type: none"> there is a shortage at the original price of \$20 which causes the price to rise demand contracts (some households drop out of the market) as a result. 	

3. Identify **three (3)** non-price factors and explain how each of these would influence demand in the mango market.

Description	Marks
Correctly identifies three (3) non-price factors which would influence demand in the mango market.	1–3 (1 mark each)
Explains, for one mark each, how each factor influences demand, using appropriate terminology and application to the context of the mango market.	1–3 (1 mark each)
Total	6
Specific content:	
Factors affecting demand in the mango market include: <ul style="list-style-type: none"> • income • tastes and preferences • prices of substitutes and complements • expected future prices. This is not an exhaustive list. Accept any additional factors that would influence demand.	

4. Using evidence from the article, comment on the price elasticity of demand for mangoes.

Description	Marks
Correctly defines or demonstrates, through the use of a diagram, the meaning of the concept of price elasticity of demand.	1
Correctly identifies whether the demand for mangoes is price elastic/price inelastic, and justifies this with reference to the relationship between price and quantity demanded.	1
Identifies the causes for price elasticity by correctly applying the factors affecting price elasticity of demand to the context of the mango market.	1–3
Uses evidence from the article to justify a conclusion about the price elasticity of demand for mangoes. A calculation could be used but is not essential.	1
Total	6
Specific content:	
Definition <ul style="list-style-type: none"> • price elasticity of demand can be defined as the responsiveness of quantity demanded to a change in price, or demonstrated on demand curves showing a change in price may cause a proportionately smaller or larger change in quantity demanded, depending on the slope of the curve. Price elasticity of demand for mangoes <ul style="list-style-type: none"> • is price elastic indicating that quantity demanded is very responsive to a change in price. Factors that could affect price elasticity of demand in the mango market include: <ul style="list-style-type: none"> • necessity – mango as a fruit would not be considered a necessity due to the availability of substitute fruits • availability of substitutes – mango as a fruit has many substitutes • percentage of income – the high price of mangoes as a fruit means it occupies a greater percentage of income. Evidence in the article that price elasticity of demand for mangoes is price elastic <ul style="list-style-type: none"> • total revenue falls as price rises i.e. as price rises from \$20 to \$60, total revenue has fallen from \$100 000 to \$60 000. 	