CIPS

A6

Analysing the Supply Market

Question & Answers

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QUESTION: 1
In economic theory, which of the following statements best describes what is available and what is wanted?

A. Time and motion
B. Supply and demand
C. Research and development
D. Input and output

Answer: B

QUESTION: 2
Which of the following relationships best describes a small change in demand as a result of a large change in price?

A. Inelastic
B. Explicit
C. Implicit
D. Elastic

Answer: A

QUESTION: 3
Which of the following best describes the pricing policy known as 'promotional pricing' ?

A. A high price aimed at quick recovery of costs
B. A price in line with that being charged by competitors
C. A temporary price reduction to increase sales in the short term D. A low price set to gain a large share of the market.

Answer: C

QUESTION: 4
Which of the following is the most likely consequence of government decreasing interest rates?

A. People spend more
B. People spend less
C. The economy slows down
D. The cost of borrowing goes up

Answer: A

QUESTION: 5
Which of the following best defines the economic term 'budget surplus'?

A. Government expenditure equalling government revenue
B. Government revenues creating government expenditure
C. Government expenditure exceeding government revenue
D. Government revenue exceeding government expenditure

Answer: D

QUESTION: 6
Which of the following best describes the '4Ps' of marketin

A. Promotion, Performance, Price, Place
B. Product, Price, Promotion, Place
C. Price, Placement, Product, Place
D. Performance, Product, Planning, Production

Answer: B

QUESTION: 7
Which of the following describes people leaving one job and moving to another?

A. Structural unemployment
B. Frictional unemployment
C. Migrational unemployment
D. Cyclical unemployment

Answer: D

QUESTION: 8
Which of the following best defines the term 'monetary policy'?

A. The control of taxation
B. The control over the amount of money in circulation and the cost of borrowing
C. The control of numbers of people unemployed compared to those employed
D. The control of wealth distribution

Answer: B

QUESTION: 9
Which of the following best defines the term 'equilibrium price'?

A. The price at which the level of demand in a market exceeds the level of supply B. The price at which all commodities are of equal value in a market
C. The price at which the level of supply in a market exceeds the level of demand D. The price at which the level of supply in a market matches the level of demand.

Answer: D

QUESTION: 10
Which of the following is a category of economic system?

A. Thriving economy
B. Balanced economy
C. Planned economy
D. Declining economy

Answer: C