

## STUDY PLAN FOR DEMAND AND SUPPLY

### Part A – Essential Areas of Study for the Chapter on Demand and Supply

#### (Theory of demand and supply)

1. State the factors that affect the demand
2. State the factors that affect the supply
3. Types of Demand
4. Types of Supply
5. Explain how the market equilibrium of the rice market is attained

### Part B – Questions for discussion

#### **Essay Question 1**

2010 marked a trying time for the airline business. The eruption of the Icelandic volcano caused cancellations of 95,000 flights over Europe. One week later, the BP oil well exploded in the Gulf of Mexico, resulting in the worst oil spill in US history.

Using economic analysis, discuss the likely impact of the above events on the airline industry and related markets. [25]

#### **Essay Question 2**

Demand for the Olympic tickets was so high that more than 50,000 people were waiting in queue at one ticketing office selling part of the last batch 250,000 tickets that was released. Beijing police have already detained 60 touts accused of selling tickets for up to 100 times their face value.

Times Online, 25th July 2008

(a) Using demand and supply analysis, account for the emergence of the black market for Olympics tickets. [10]

#### **Essay Question 3 (GCE A level 2018)**

The average price of tickets for two concerts performed by singer-song writer Ed Sheeran in November 2017 at the Singapore Indoor Stadium was S\$180. Tickets went on sale six months earlier and both concerts sold out almost immediately. Some tickets were later being offered for resale at prices well above their face value.

(a) Using supply and demand curves, explain why there is an excess demand for tickets and why there is a high resale price. [10]

(b) Discuss possible strategies that concert organizers could use to improve the market outcome for this type of concert for producers and consumers. [15]

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**CSQ Practice 1 – Hail the Durian King**

Focus of the CSQ:

1. Factors affecting the demand and supply
2. Market Equilibrium
3. Price elasticity of Demand and Supply
4. Application of PED and PES