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QUESTION & ANSWER

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Exam : A6

Title : Analysing the Supply Market

Version : DEMO

1. Q1 In economic theory, which of the following statements best describes what is available and what is wanted? (2 marks)

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

Answer: B

2. Q2 Which of the following relationships best describes a small change in demand as a result of a large change in price? (2 marks)

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

Answer: A

3. Q3 Which of the following best describes the pricing policy known as 'promotional pricing'?(2 marks)

- 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

4. Q4 Which of the following is the most likely consequence of government decreasing interest rates? (2 marks)

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

Answer: A

5. Q5 Which of the following best defines the economic term 'budget surplus'?(2 marks)

- 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

6. Q6 Which of the following best describes the '4Ps' of marketin (2 marks)

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

Answer: B

7. Q7 Which of the following describes people leaving one job and moving to another?(2 marks)

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

Answer: D

8. Q8 Which of the following best defines the term 'monetary policy'? (2 marks)

- 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

9. Q9 Which of the following best defines the term 'equilibrium price'?(2 marks)

- 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

10. Q10 Which of the following is a category of economic system? (2 marks)

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

Answer: C

11. Q1 Which of the following statements is correct about the relationship between supply and demand? (2 marks)

- A. When the price of a product is high, the quantity demanded will be high and the quantity supplied will be low
- B. When the price of a product is low, the quantity demanded will be low and the quantity supplied will be high
- C. When the price of a product is high, the quantity demanded will be low and suppliers will be more willing to supply products
- D. When the price of a product is low, the quantity demanded will be high and suppliers will be less willing to supply products.

Answer: C

12. Q2 Which of the following best defines the term 'Exchange rate'?(2 marks)

- A. The amount of business transacted between one country and another during a year
- B. The speed with which a company receives payment for goods or services sold
- C. The extent of barter transactions in a particular country
- D. The value of one country's currency measured against that of another.

Answer: D

13. Q3. Which of the following types of unemployment describes people leaving one job and moving to another? (2 marks)

- A. Cyclical
- B. Frictional
- C. Moving
- D. Structural

Answer: A

14. Q4 Which of the following headings would appear in the current account of a country's balance of payments? (2 marks)

- A. Transactions in goods and services
- B. Transactions in external assets and liabilities
- C. Transactions in large sums of money
- D. Transactions in stocks and shares

Answer: A

15. Q5 Which of the following best describes the pricing policy known as 'penetration' pricing? (2 marks)

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

Answer: C

16. Q6 'Fiscal' policy is government policy controlling which of the following? (2 marks)

- A. Inflation
- B. Unemployment
- C. Taxation
- D. Wages

Answer: C

17. Q7 Which of the following best describes the economic term 'budget deficit'? (2 marks)

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

Answer: D

18. Q8 Which of the following promotional methods can be described as 'below the line'? (2 marks)

- A. Radio commercials
- B. Sales leaflets and brochures
- C. Internet banners
- D. Cinema advertising

Answer: B

19. Q9 A 'balance of payments' is the record of which of the following during a year? (2 marks)

- A. A country's monetary import and export transactions
- B. Exchange rate movements
- C. All payments made by a government department
- D. All revenue from taxes received by a government

Answer: A

20. Q10 A PEST analysis is conducted on which of the following environments of a company? (2 marks)

- A. External
- B. Internal
- C. Historical
- D. Political

Answer: A