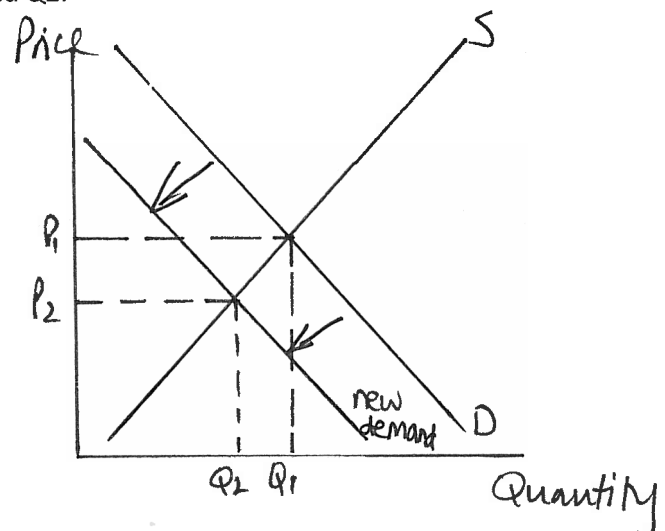
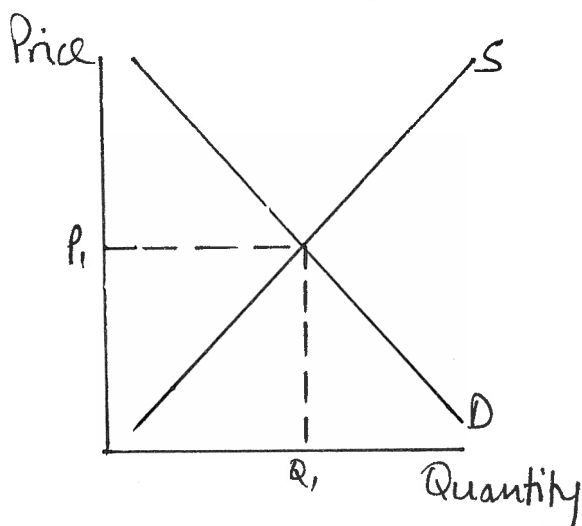


# How to get full marks on Demand and Supply questions in BS1

## Demand and Supply – The Diagram

1. Does the 'issue' in the question originate mainly from customers (Demand curve moves) or businesses (Supply curve moves)?
2. Shift the demand or supply curve. Remember LESS = LEFT, so MORE = RIGHT
3. Label the new demand or supply curve "New Demand" or "New Supply".
4. Put in arrows to show movement of the new curve.
5. Mark on the new equilibrium price and quantity with new dotted lines. Call the new price  $P_2$  and the new quantity demanded & supplied  $Q_2$ .



Example to show decreased demand shown above.

## Demand and Supply – The Explanation

1. What was the trigger in the question? E.g. an earthquake that damages vineyards, meaning less Chilean wine is produced
2. Has demand or supply been affected?
3. Which way did you move the curve?
4. What effect has this has on Price and Quantity demanded/supplied? i.e. has it increased or decreased?
5. If price remained at  $P_1$ , would demand exceed supply, or would supply exceed demand?