

## Grade 11 Assignment Activities, 2021, term 3. Economics

### Student Instructions:

Make sure that you complete two (2) assignment activities. On Monday, we will correct all these activities, I'll thoroughly check each individual student. The condition is, those who complete these two assignment activities will seat for the second test on Tuesday. Make sure you complete all in weekend.

I would like you to see here carefully about substitute goods. When the price of butter rises, many consumers will decrease their demand for butter and shift to margarine. It means, the desire of the buyers declining for buying butter because of increasing in butter price and they now switched to Margarine, which is the substitute good for butter. Conversely, when the price of butter falls and if the price of Margarine increase, many consumers will shift to butter. On the other hand, their desire for buying Margarine will be decline.

The table show the substitute products.

| Change in coffee demand when the price of tea changes |  |   |
|---|--|---|
| Price of coffee, per kg (k)                           | Qty demanded for coffee prior to increase in tea prices (kg) | Qty demanded for coffee after increase in prices (kg) |
| 2.00  | 10 000   | 14 000  |
| 3.00  | 8 000  | 12 000  |
| 4.00  | 6 000  | 10 000  |
| 5.00  | 4 000  | 8 000   |
| 6.00  | 2 000  | 6 000   |

### Question 1.

Draw the demand curve from the above schedule based on above substitute goods.

The table below showing the complementary goods. It is the goods that cannot be used independently of each other. They are goods jointly demanded and used. For instance, Motor vehicle and fuel. Increase in fuel prices decrease the demand for motor vehicle or vice-versa.

| Change in demand-fuel prices and motor vehicles |  |  |
|---|--|--|
| Car price per unit (k)                          | Motor vehicles- quantity demanded prior to increase in fuel prices (units) | Motor vehicles-quantity demanded after increase in fuel prices (Units) |
| 12 000  | 250 000  | 230 000  |
| 15 000  | 220 000  | 200 000  |
| 20 000  | 180 000  | 120 000  |
| 23 000  | 150 000  | 100 000  |

I would like you to use (  $D_0$ ,  $D_1$ ,  $Q_0$  and  $Q_1$  ) to display the prices and quantity to draw demand curve for Fuel price and motor vehicle that scheduled on the table above. Display it with the arrow showing how it decrease or increase.

### Unit 11.3 activity 2F. complementary and substitutes.

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1. When the second Japanese cars came into PNG market the PNG market, the demand for petrol and tyres increased. State the reason for these changes in demand.
2. If the tinned tuna is reduced, explain the effect this is likely to have on the demand for tinned mackerel.
3. For each of the following goods or services, give an examples of the complement:
  - a. Sports shoes.
  - b. Shampoo.
  - c. Electrical goods.