



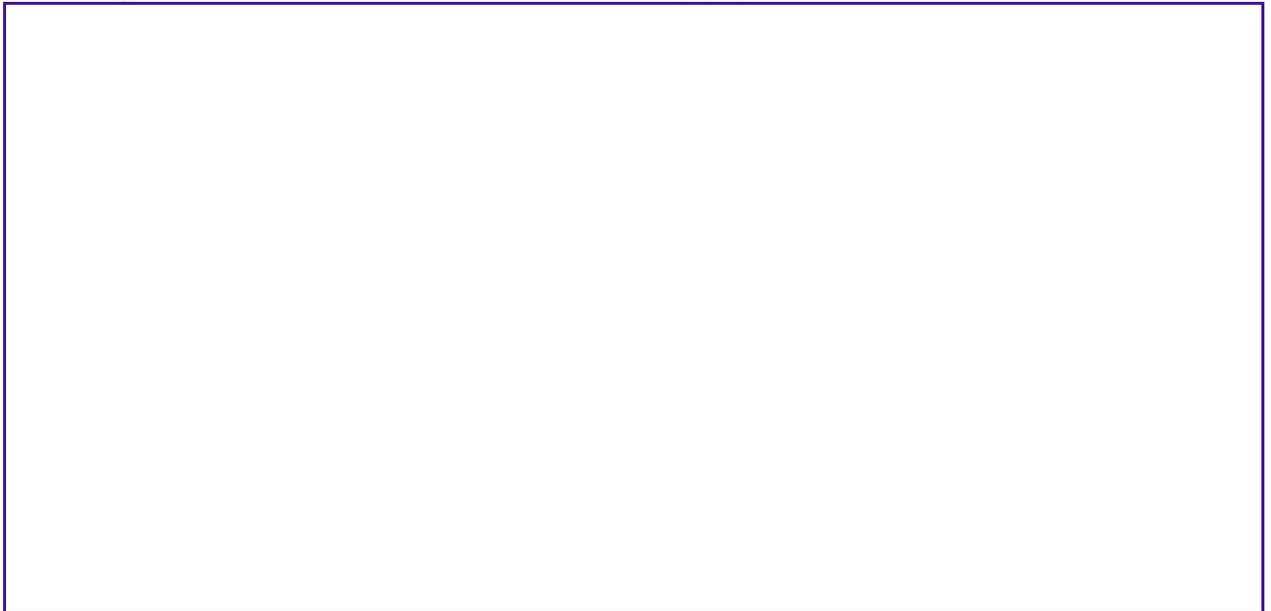
Economics lesson 4 – Student worksheet

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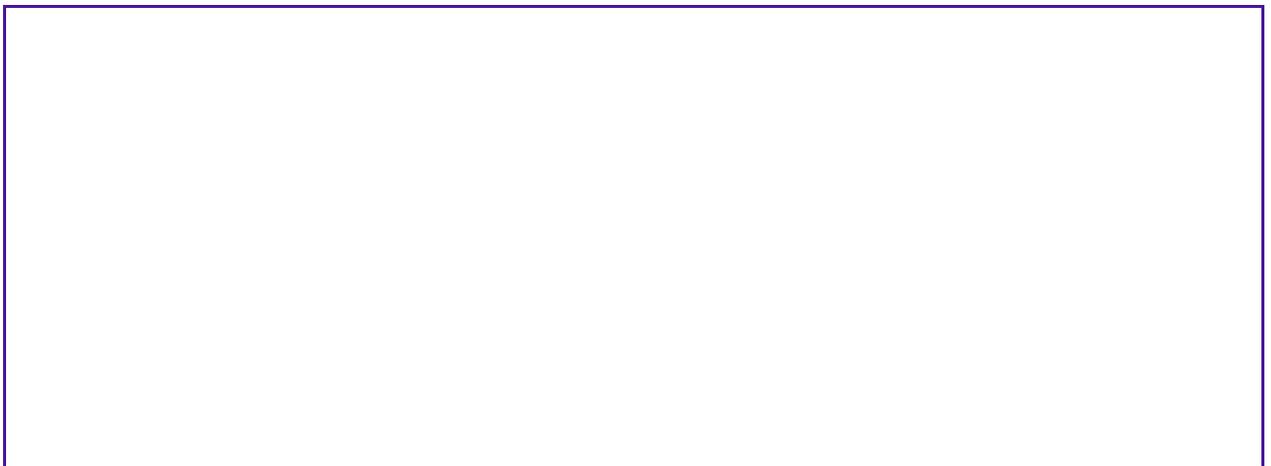
Learning aim:

To be able to understand demand and supply in competitive markets, including individual supply and demand shifts and movements along the supply and demand curves.

Distinguish between demand and supply.

A large, empty rectangular box with a thin black border, intended for the student to write their answer to the question 'Distinguish between demand and supply.'

Illustrate shifts and movements along the demand and supply curve.

A large, empty rectangular box with a thin black border, intended for the student to draw or illustrate shifts and movements along the demand and supply curves.

Scenario

In March 2020, the world was hit by a global crisis Coronavirus. The global crisis impacted the automotive sector with new car production down by 29.3% in 2020 from 2019 levels. The automotive industry faced various setbacks in 2020 due to border closures and limited transportation. The crisis led to a significant fall in demand due to national lockdowns and a slow down of supplies as manufacturing plants had temporarily closed. The effects started in China, where car sales plummeted in February 2020. By April 2020, both USA and Europe car sales dropped by over 65%. Post Coronavirus there has been a further impact on the supply of new cars due to a shortage of chips.

James is Head of Sales at a Volord branch, an international car manufacturer. Some of his customers (who are purchasing brand new cars) are having to wait 6-8 months to receive their car. This is due to supply chain issues.

Career spotlight:

The Head of Sales will lead teams of sales representatives to work towards agreed targets. This is an important job because they work to identify new business opportunities and develop sales strategies. They need a range of skills including excellent verbal communication skills, highly developed business management skills and the ability to stay positive working under pressure.

Question 1

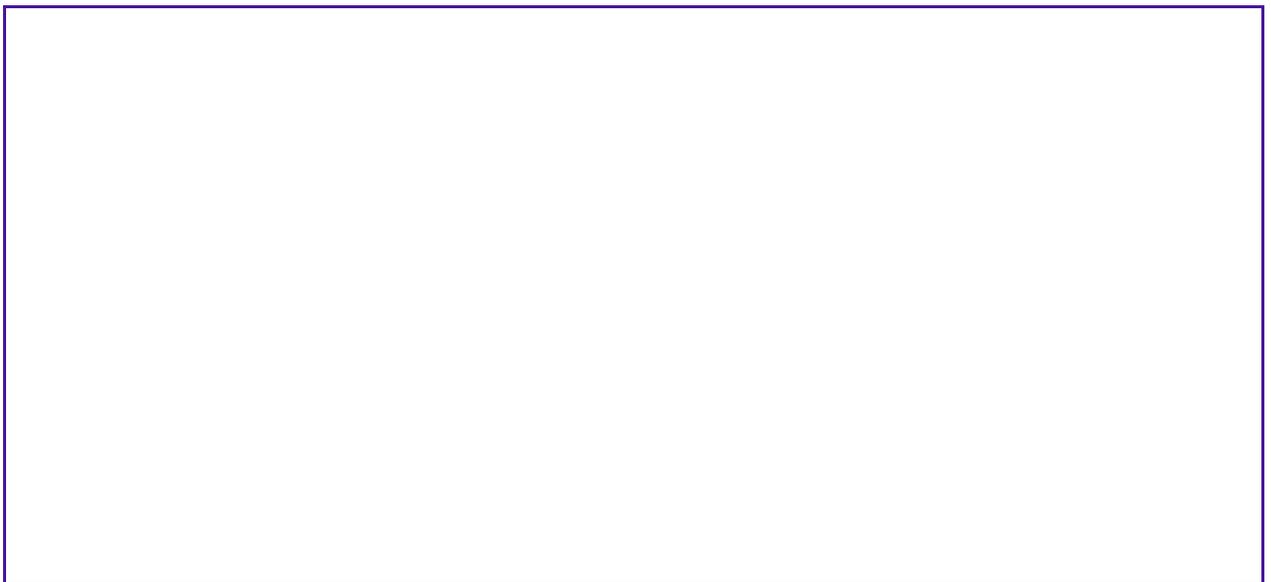
Using a demand and supply diagram, explain the impact of a shortage of brand-new cars on secondhand cars.

A large, empty rectangular box with a thin purple border, intended for the student to draw a demand and supply diagram.

Question 2

Explain two factors that are important in determining the demand for brand new cars.

For example, would changes in the real income of consumers impact the demand for brand new cars?

A large, empty rectangular box with a thin purple border, intended for the student to write their explanation.

Extension activity

The demand for brand new cars at Volord

Price of Car 1	£24,000	£22,000	£20,000	£18,000	£16,000
Number of cars sold per day	4	6	8	10	12

Price of Car 2	£34,000	£32,000	£30,000	£28,000	£26,000
Number of cars sold per day	2	4	6	8	10

Price of Car 3	£44,000	£42,000	£40,000	£38,000	£36,000
Number of cars sold per day	1	2	3	4	5

Using the information in the table, and graph paper if available, draw the demand curves for each of the cars. Discuss in pairs why the three demand curves are all different.

