Year 13 Economics Worksheet 3

Microeconomics

Short Answer Questions

The table below represents Vincentia's Demand for Apollo Cake and Sprint Juice with an income of $16. Study the information below and answer questions (i) to (v).

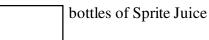| Apollo Cake ($2/slice)				Sprite Juice ($4/bottle)			
Quantity	Total Utility	MU	MUa/Pa	Quantity	Total Utility	MU	Mu$_S$ /P$_S$
1	4	4		1	10	10	
2	7		1.5	2	18		2
3	9	2		3	24	6	
4	10		0.5	4	28		1.5
5	10	0		5	30	2	

(i) Define **consumer equilibrium**.

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(ii) State the utility maximization rule.

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(iii) Complete the table by filling in the missing values in the table above.

(iv) Calculate the consumer equilibrium by identifying how many cakes and sprite juice Vincentia will consume to maximise satisfaction.

☐ pieces of Apollo Cake   ☐ bottles of Sprite Juice

(v) Calculate the total amount of total utility Nancy enjoyed at the level of consumption.

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Consumer Behaviour
Essay Writing
Consumers make choices about what goods and services to buy with their limited income. In light of the above statement, discuss the following:
•   definitions of budget line, indifference curve and consumer equilibrium (3 marks)
•   any three features of a budget line (3 marks)
•   three conditions to be met in order to achieve consumer equilibrium using budget line and