1DNL. SES NAME:	Assessment DNL SES	Thursday, 23 th January 2025.
I. Market structur	res. (5 marks)	
Document: A competit	tive market?	
The market for oil		
industrial chemicals sin today, the world's two refiners and distributor cost-effective alternative	nce the 1850s. Industrialisation largest companies - Exxon rs. Oil is an essential scarce res to oil for producing vehicle re \$1,600 billion. (Sources: Company contracts)	petrol and diesel, lubricants, and nowes its development to oil, and Mobil , and PetroChina - are oil e resource, and there are still no fuels like petrol and diesel. World oil Daily, 2008, US Congressional
What does a perdefining it. (4 ma)	fectly competitive market mea	an? Describe each condition
2. Explain why the	oil market is not one. (1 mark	()

II. The equilibrium price of new-build houses (10 marks)

1.	 Identify the demand curve and the supply curve of new-build houses in the diagram below. Explain the shape of each one. (5 marks) 							
Hous	se prices :	£000						
500	Ī				<i>,</i>			
	l					•		
400	l							
	l							
300	l			\times				
	l							
200	l							
	l							
100	l							
							→ Quantities (000)	
	0	1000	1500	2000	2500	3000	, ,	
		the equilibriu orium of new-				sent? Fror	n the diagram determinate the	
					•			
		e diagram the	•	•		mposing a	a maximum price of £200,000	
					-			
wide				ect of an ir	ncrease of	consumer	income. Comment this effect	
	-	curately. (4 n	-					

1DNL NAME 1/3 tim		Assessment DNL SES	Thursday, 23 th January 2025.
II.	Market structure	s. (5 marks)	
Docun	nent: A competitiv	ve market?	
The m	arket for oil		
industr today, refiner: cost-ef sales c	rial chemicals sinc the world's two la s and distributors fective alternative	e the 1850s. Industrialisation argest companies - Exxon . Oil is an essential scarce s to oil for producing vehicle \$1,600 billion. (Sources: O	petrol and diesel, lubricants, and nowes its development to oil, and Mobil , and PetroChina - are oil resource, and there are still no fuels like petrol and diesel. World il Daily, 2008, US Congressional
	/hat does a perfec	ctly competitive market mea it. (4 marks)	n? Describe 2 of the four
3. E	Explain why the oi	I market is not one. (1 mark))

II. The equilibrium price of new-build houses (10 marks) 4. Identify the demand curve and the supply curve of new-build houses in the diagram below. Explain the shape of the demand curve. (5 marks) House prices £000 500 400 300 200 100 Quantities (000) 1000 1500 2000 2500 3000 2. From the diagram determinate the current equilibrium of new-build houses? (2 marks) 3. Draw in the diagram the likely effect of the government imposing a maximum price of £200,000 for new-build house? Explain this effect. (4 marks) 4. Draw in the diagram the likely effect of an increase of consumer income. Comment this effect widely and accurately. (4 marks)

Assessment DNL SES

Thursday, 23th January 2025.

1DNL. SES NAME:

I. Market structures. (5 marks)

- 1. A perfect competitive market occurs with 4 assumptions:
 - a large number of buyers and sellers: due to their small size no one can influence the price market, they are price taker;
 - a similar product: only the price can distinguish the products
 - perfect information: everybody must equally have all information on what happens in the market
 - no-entry barriers: buyers and sellers can leave / enter freely / easily in the market.
- 2. Only the two largest companies are present in the market of oil whereas a competitive market involves a large number of producers as well as a large number of consumers.

II	II. The equilibrium price of new-build houses (10 marks)			
	Identify the demand curve and the supply curve of new-build houses in the diagram below. Explain the shape of each one. (5 marks)			
2 c	. What does the equilibrium in a competitive market represent? From the diagram determinate the urrent equilibrium of new-build houses? (2 marks)			
3	. Draw in the diagram the likely effect of the government imposing a maximum price of £200,000 or new-build house? Explain this effect. (4 marks)			
W	Draw in the diagram the likely effect of an increase of consumer income. Comment this effect idely and accurately. (4 marks)			