

Syllabus Items:
4 + 9

Syllabus Weight:
3

Webnote
114

Data Response Question¹

Difficulty Level: (4 is most difficult)



Fruit Juice Sales Top 1 billion litres – United States

The Grocer Magazine reports last year that due to greater health awareness of consumers, sales of fruit juice and juice drinks rose by 4% to more than one billion litres, worth a total of \$785 million.

Orange was more than half the total, followed by lemon, apple and cranberry juices. Following a very poor harvest of oranges in Brazil this year however, the sales of other fruit juices are expected to encroach upon the dominant share of orange juice.

Source adapted from “The Grocer” magazine, June 2014.

Questions:

1. Draw a market diagram to illustrate what happened in the market for all fruit juices last year.
2. Draw two further diagrams to illustrate what will happen in the markets for orange juice and apple juice following the poor orange harvest in Brazil, (ceteris paribus) other things equal.

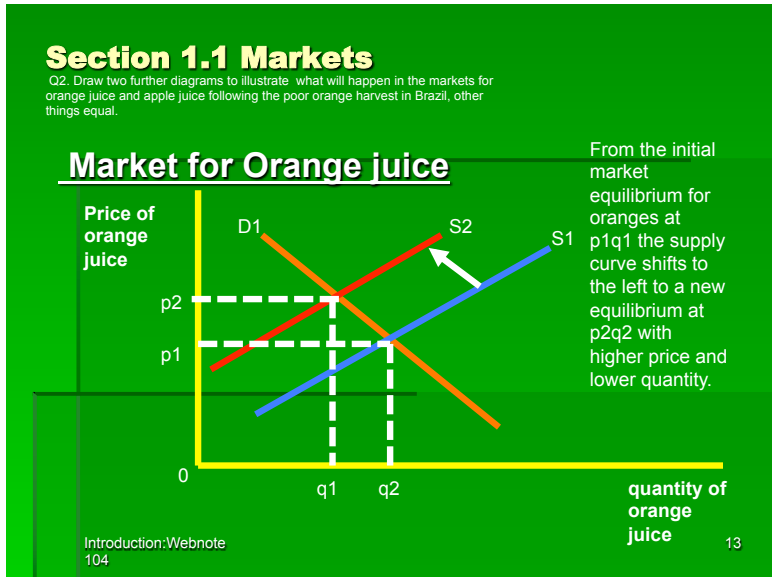
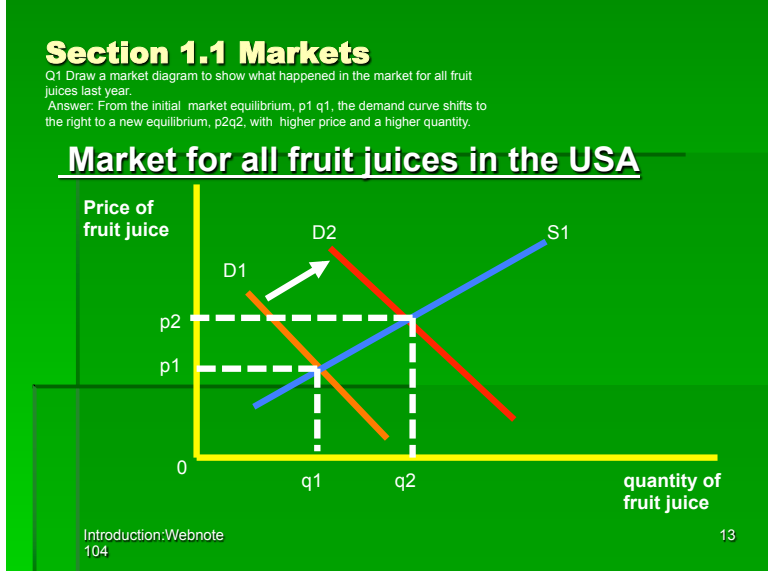
¹ Recommended Time: 10 minutes without explanations or 16 minutes with explanations.

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Data Response Answer

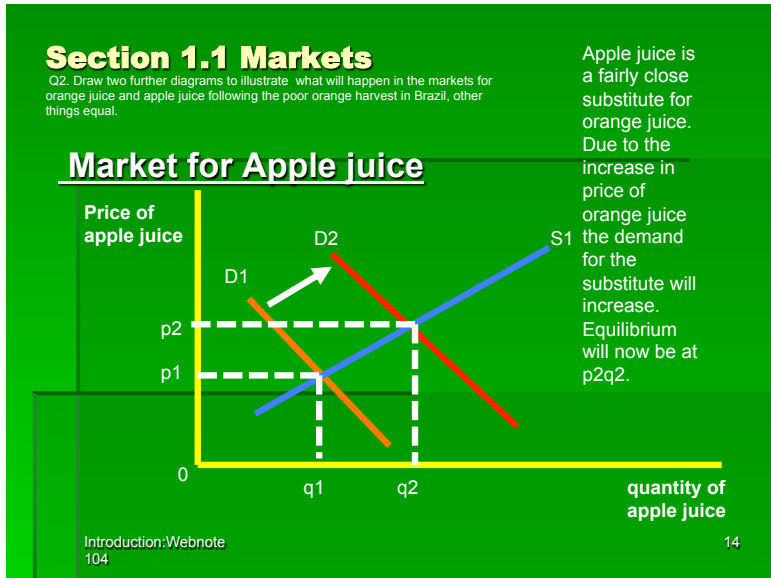


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Data Response Answer



Some things to note:

Did you use a ruler to draw all three diagrams? Ib examiners may deduct marks for not drawing diagrams effectively.

1. Have you clearly labeled both axes?
2. Have you marked in all points of equilibrium and labeled them?
3. Have you clearly labeled and numbered the demand and supply curves?
4. These checks should be made for all diagrams in order to make sure your diagrams are well understood to maximise your marks.
5. After every IB Economics exam session the Chief Examiner's Report comments on the poor quality of candidates' diagrams.