**The Market for Chocolate**

1. Use the data below to construct a supply and demand diagram for the market for a 230g bar of Cadbury’s Dairy Milk.

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| **PRICE (pence)** | **QUANTITY SUPPLIED (millions)** | **QUANTITY DEMANDED****(millions)** |
| 20 | 100 | 1000 |
| 40 | 200 | 900 |
| 60 | 300 | 800 |
| 80 | 400 | 700 |
| 100 | 500 | 600 |
| 120 | 600 | 500 |
| 140 | 700 | 400 |
| 160 | 800 | 300 |
| 180 | 900 | 200 |
| 200 | 1000 | 100 |

1. Since these figures were completed, the price of cocoa has risen substantially. Therefore Cadbury’s has decided to cut production by 10%. Draw the new supply curve on your diagram. How has this affected the price and quantity of Dairy Milk in the market?
2. The recent ‘eyebrows’ advertising campaign is predicted to increase demand for Cadbury’s Dairy Milk by 20%. Draw on your graph the predicted demand curve. How has this affected the price and quantity of Dairy Milk in the market?
3. Now do a new graph of the original supply and demand data in the table.
4. If Cadbury’s are currently producing 800 million bars, is the market in equilibrium? Draw a vertical line on your graph to illustrate this. Explain your answer and suggest why this might be a problem.
5. If Cadbury’s are currently producing 300 million bars, is the market in equilibrium? Draw a vertical line on your graph to illustrate this. Explain your answer and suggest why this might be a problem.

Homework

Write a paragraph for each of the questions below, clearly explaining the answer and providing as much detail as possible.

1. How is the government’s ban on advertising unhealthy food during children’s TV programmes likely to affect the market for Cadbury’s Dairy Milk?
2. Why are house prices in London higher than in the rest of the UK? Think about both the demand for and supply of housing in London compared to the rest of the UK.