



BRISBANE GIRLS GRAMMAR SCHOOL

BUILDING THE SKILLS OF ANALYSIS

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Challenges faced by students when:

Analysing demand/supply changes

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Students often:

- provide a very limited explanation of, or linkage to, the economic model.
- miss key opportunities to demonstrate their application of economic concepts (non-price factors, laws of demand and supply, elasticity).
- incorrectly sequence the 'order of events' resulting in inaccurate cause-effect relationships.

The loss of laying hens impacts the supply of eggs to the egg market. The supply line will shift inward, creating a new equilibrium in which the quantity was decreased but the price has increased. Demand stays the same, therefore causing a shortage. ~~To meet~~ which has been met by already increasing the price.

As 7% of hens used to lay eggs have been lost to the bird flu, the supply of eggs in the Australian egg market will decrease, as seen from Q_1 to Q_2 . ~~However~~ This will also lead to prices increasing due to the limited supply from producers, as they still are incentivised by profit. However, demand for eggs following this price increase will remain the same or a slight decrease, ~~as~~ as eggs are viewed as ^{not only a small portion of income} a necessity by many consumers, ~~and~~ have limited ~~elasticity~~ ^{elasticity}, meaning the ~~elasticity of~~ demand for eggs is majorly inelastic, as consumers are still willing to purchase the good despite increases in price.

Analysing using the **ISAPE** method

- Provides a step-by-step framework for explaining non-price factors impacting market equilibrium.

I = Identify and explain the non-price factor

S = Explain the relevant **shift** in demand/supply

A = Analyse the shortage/surplus

P = Explain how the market adjusts the **price**

E = Describe the new **equilibrium**

Mastering Market Changes: The **ISAPE** Method

A step-by-step framework for explaining non-price factors impacting market equilibrium.

ISAPE in Action: The Queensland Lettuce Market

I Identify

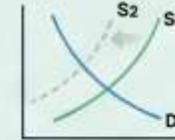
Pinpoint the specific non-price factor that has impacted the market.



I: Identify the Factor
A drought (natural condition) has damaged a large proportion of the lettuce crops.

S Shift

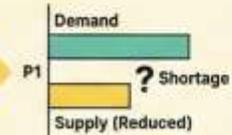
Determine which curve (supply or demand) shifts and in which direction (left or right).



S: Shift the Curve
This is a supply-side factor, shifting the supply curve inwards to the left (S1 to S2).

A Analyse

At the original price, does this shift cause a shortage (demand > supply) or a surplus (supply > demand)?



A: Analyse the Imbalance
At the original price (P1), a shortage now exists as demand exceeds the reduced supply.

P Price

Explain how the shortage or surplus forces the market price to either increase or decrease.



P: Price Adjustment
The shortage causes the price to increase towards a new, higher level (P2).

E Equilibrium

Describe the new equilibrium, comparing the new price (P2) and quantity (Q2) to the original.



E: New Equilibrium
The market moves to a new equilibrium (E2) with a higher price (P2) and lower quantity (Q2).

Analysing using ISAPE

The market for Queensland lettuce is currently at equilibrium (E1) with a price of P1 and quantity Q1. As a result of drought damaging a large proportion of crops, a supply-side non-price factor, shifting the supply curve inwards to the left from S1 to S2. At the current price of P1, a shortage (red triangle) of lettuces exists as demand exceeds supply. Consequently, the price increases to P2 allowing the law of demand to reduce demand (contraction) and the law of supply to increase supply (expansion). The market shifts to a new equilibrium of E2, where the price of P2 is greater than previous and the quantity is reduced to Q2, meaning that households will experience a higher cost of living or a reduction in the standard of living.

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A step-by-step framework for explaining non-price factors impacting market equilibrium.

ISAPE in Action: The Queensland Lettuce Market

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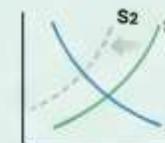


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Analysing using ISAPE

The market for eggs is currently in equilibrium with price p_1 and quantity Q_1 . Approximately 7% of Australia's laying hens have been lost to bird flu, thus affecting supply. As supply decreases the supply curve with shift inwards. At price p_1 , demand is at Q_1 but supply is at Q_2 , resulting in a shortage of eggs. In order to remove this shortage price will increase, according to the law of supply as price increases so does supply. According to the law of demand as price increases demand decreases, however this demand is inelastic as eggs are non-discretionary with no good substitutes. The equilibrium has moved from E_1 to E_2 with price p_2 and quantity Q_2 .

End of short response exam
as a result of this supply loss

The market for eggs is currently in equilibrium (E_1), at a price of P_1 and a quantity of Q_1 . However, the market is experiencing a 7% reduction in Australia's laying hens due to bird flu (natural disaster/epidemic), impacting the supply of eggs. This non-price factor will reduce the supply of eggs, shifting supply inwards to the left from S_1 to S_2 . At the current price (P_1), the quantity demanded (Q_1) exceeds the quantity supplied (Q_2), creating a supply shortage (red triangle). According to the law of demand, as the price of a commodity increases, the quantity demanded decreases (contracting demand), moreover, according to the law of supply, as the price of the commodity increases, the quantity supplied will increase (expanding supply). Thus, to remove the shortage, the price of eggs must increase. The market for eggs is now at a new equilibrium (E_2), whereby price has increased from P_1 to P_2 , and quantity has decreased from Q_1 to Q_2 .

Challenges faced by students when:

Analysing economic indicators

Analysing using the IQTAPE method

- Provides a step-by-step framework for writing an analysis of an economic indicator.

I = Identify the overall trend

Q = Quantify the trend with data and dates

T = Transform the data to highlight its significance

A = Acknowledge anomalies if present & significant

P = Identify the economic point or story of this change

E = Explain the reasons for the change and/or the impact

How to Analyse an Economic Indicator: The IQTAPE Method



I = Identify the Trend

Does the data show an overall increase or decrease over the period shown?



Q = Quantify the Trend

Use specific numbers: state the starting value and the ending value from the graph.



T = Transform the Data

Calculate the percentage change or difference to highlight the trend's significance.



A = Acknowledge Anomalies

Note any significant deviations from the main trend (if any are present).



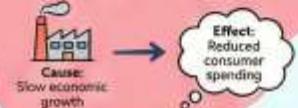
P = Pinpoint the Meaning

What is the key economic point or story that this change in data is telling you?



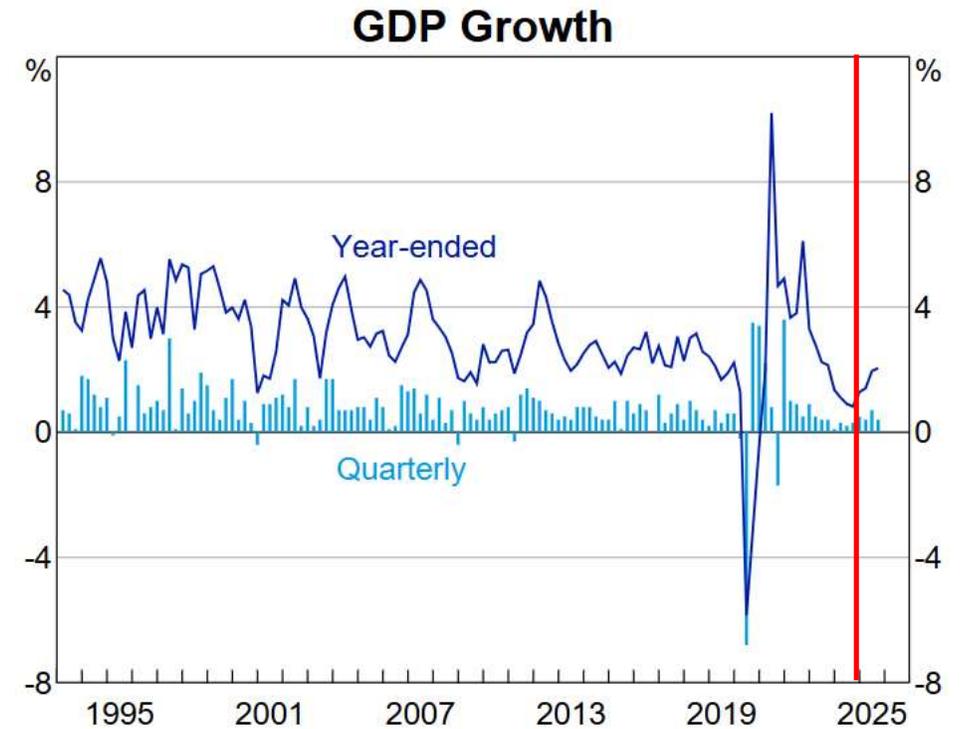
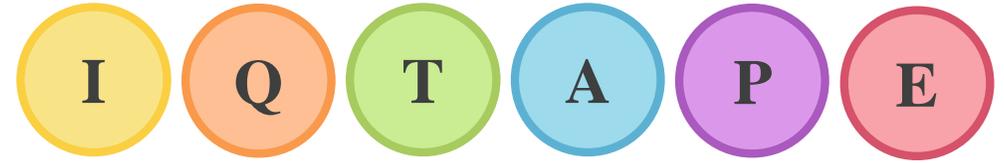
E = Explain the Cause & Effect

Explain the reasons for the change and/or the economic impact it now has.



Analysing using IQTAPE

In 2025, Australia's GDP growth has strengthened gradually. Year-ended growth rises from approximately 1.5% in early 2025 to approximately 2.5% by year end, an increase of approximately 1 percentage point, which represents a 66% increase in the growth rate. Quarterly growth over this period is generally modest, mostly ranging between 0.3% and 0.6%, with a stronger quarterly result of approximately 0.6% contributing most to the lift in the annual rate. These consistent positive quarterly outcomes underpin the steady rise in the year-ended figure. This indicates that Australia's economy is expanding at a slightly faster pace than in 2024, though growth remains moderate rather than strong. The likely cause of this gradual improvement may include stabilising inflation, easing interest rate pressures, and improved household and business confidence.



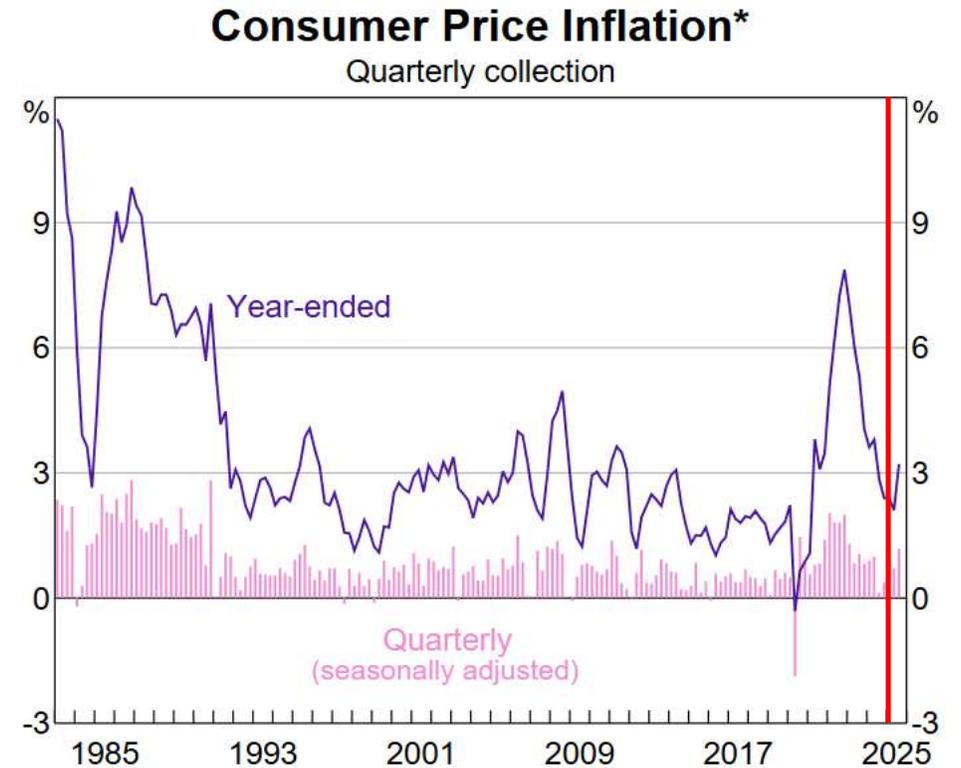
Source: ABS.

Using *thinking* process to build analysis

- Reduces cognitive overload and supports working memory efficiency – allows more working memory capacity to be devoted to higher-order reasoning (Ritchhart, Church & Morrison, 2011; Sweller, 2008)
- Develops explicit analytical schemes that improve transfer and exam performance – repeated use of structured processes helps build students mental schemas (Lambert, 2018)
- Scaffolds higher order-thinking and deliberate use of evidence (Vygotsky, 1978)
- Promotes metacognition and self-regulation in writing – fosters independence and reduces reliance on teacher prompting (Shanahan & Shanahan, 2008; Zimmerman 2002)

Practice the methods

Tourism exports in Australia increased by 7.6% to \$37,200m. Draw a demand and supply diagram to show the impact on Australian hospitality employment; then explain the impact on equilibrium quantity and price.



* Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000.

Sources: ABS; RBA.



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ANY QUESTIONS?

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