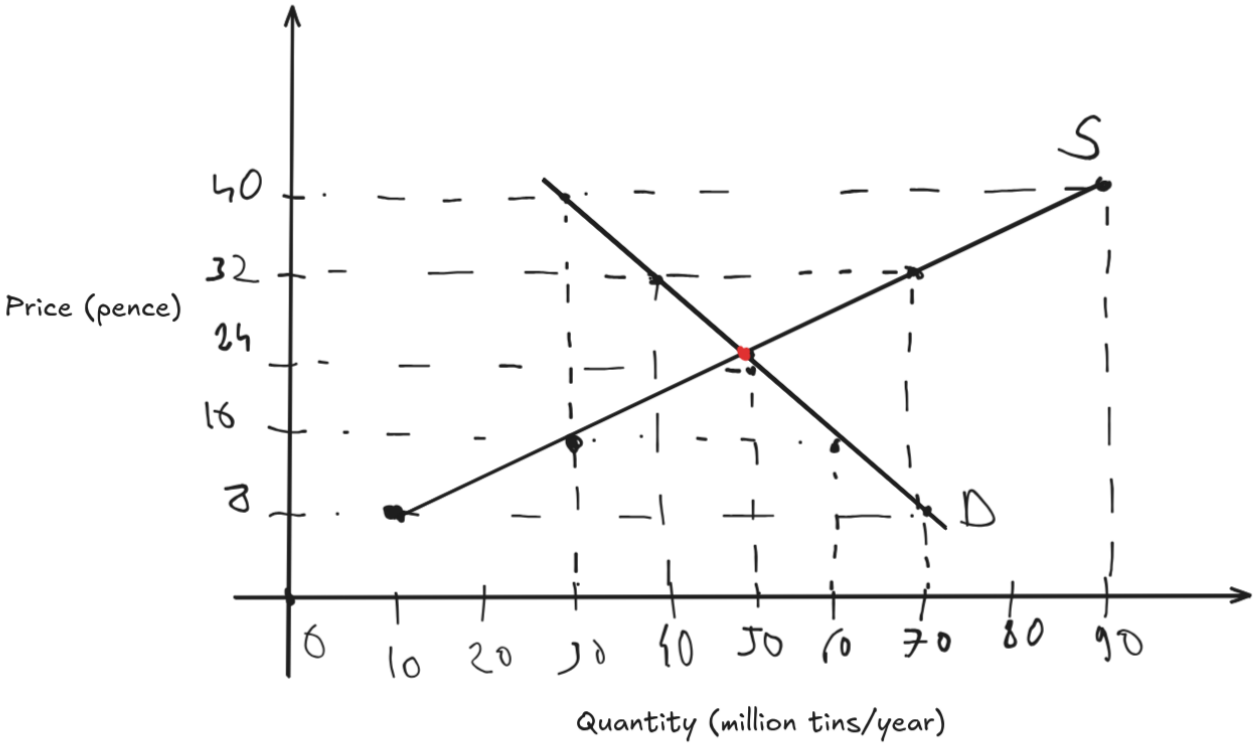
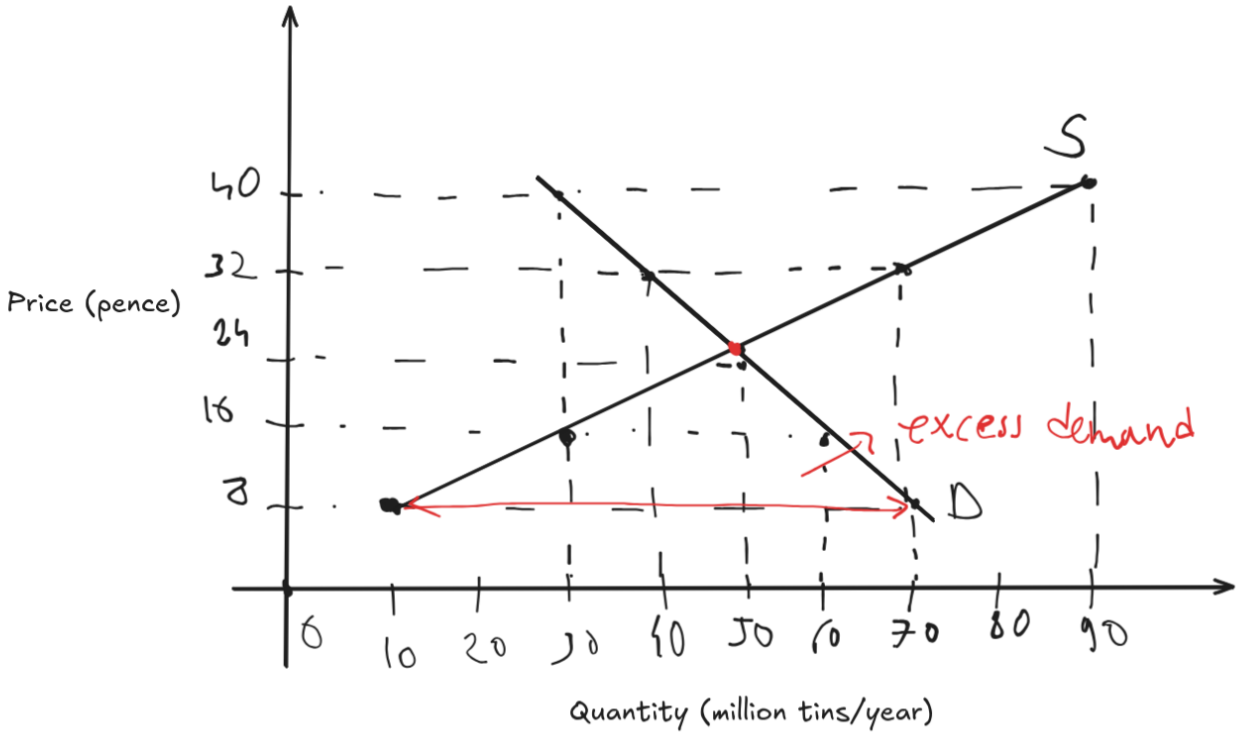
1

a.



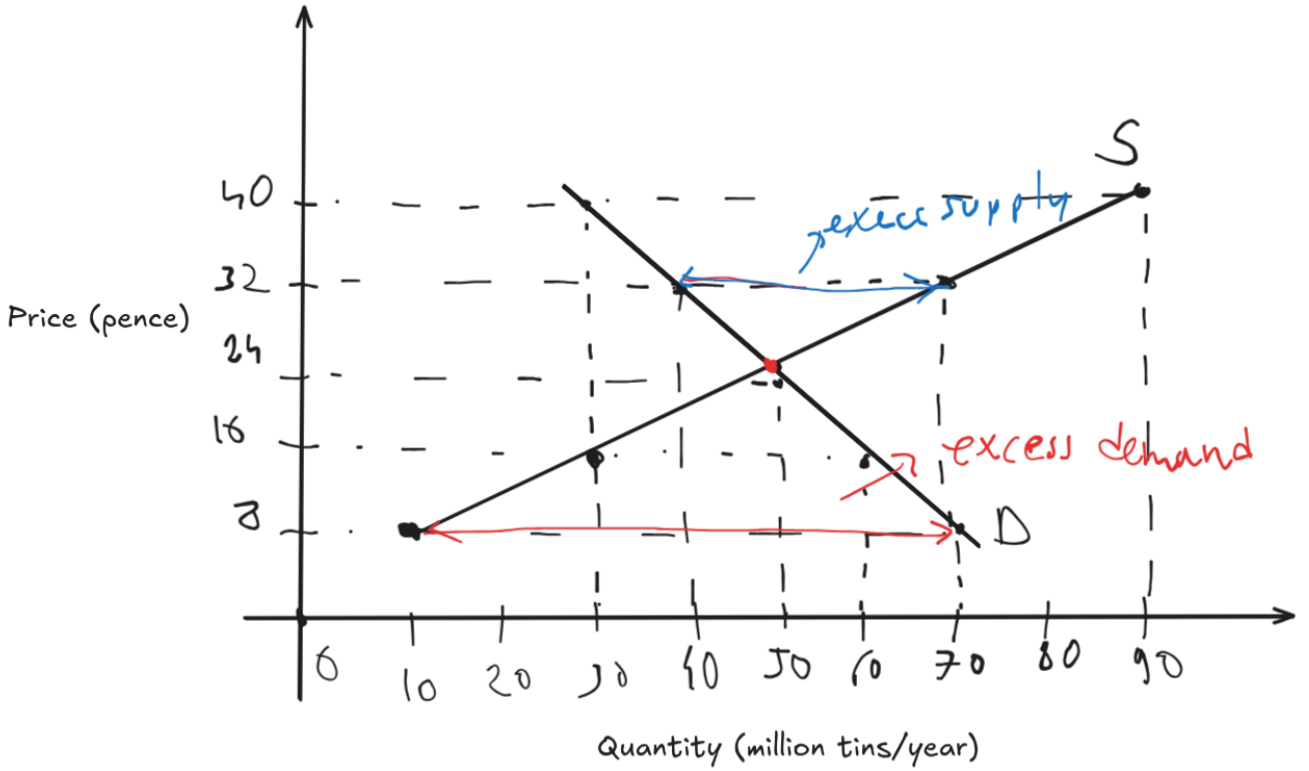
b.

$|Q_d(8) - Q_s(8)| = 70 - 10 = 60$ million tins/year.

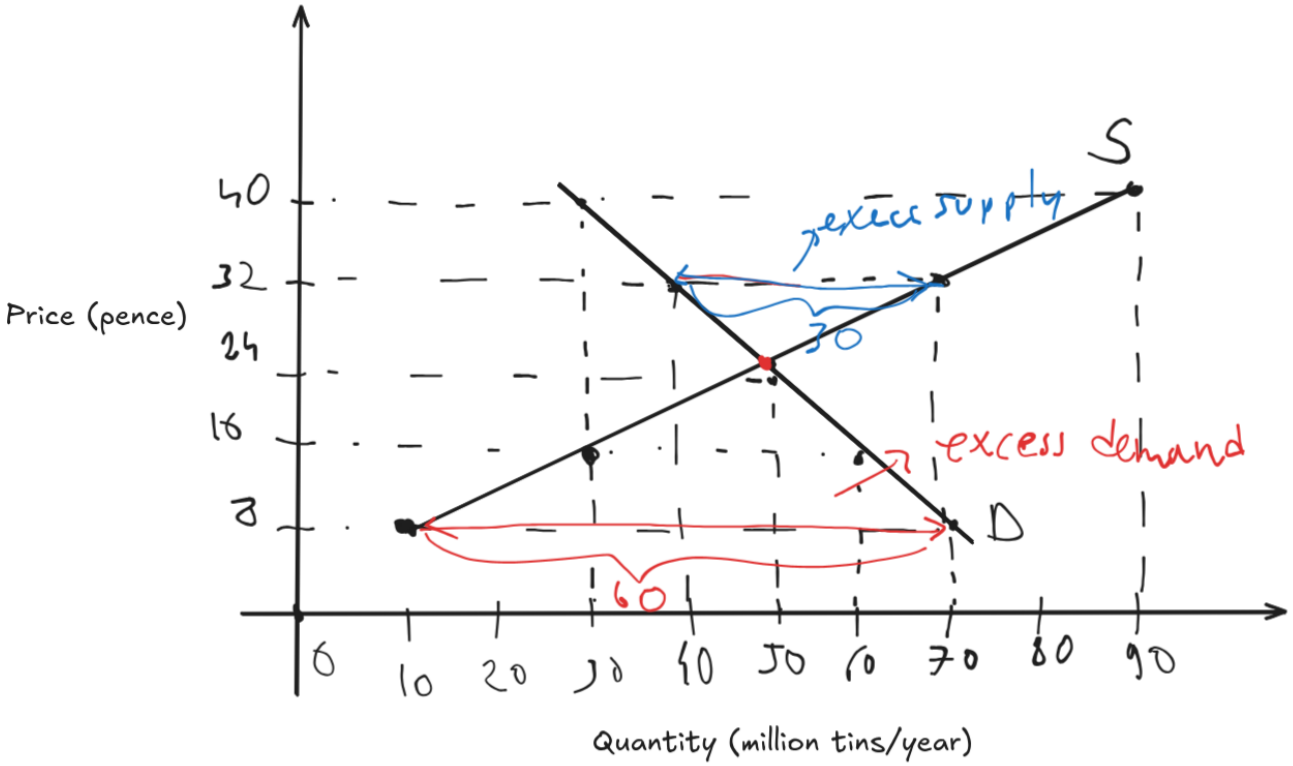


c.

$|Q_d(32) - Q_s(32)| = 70 - 40 = 30$ million tins/year.



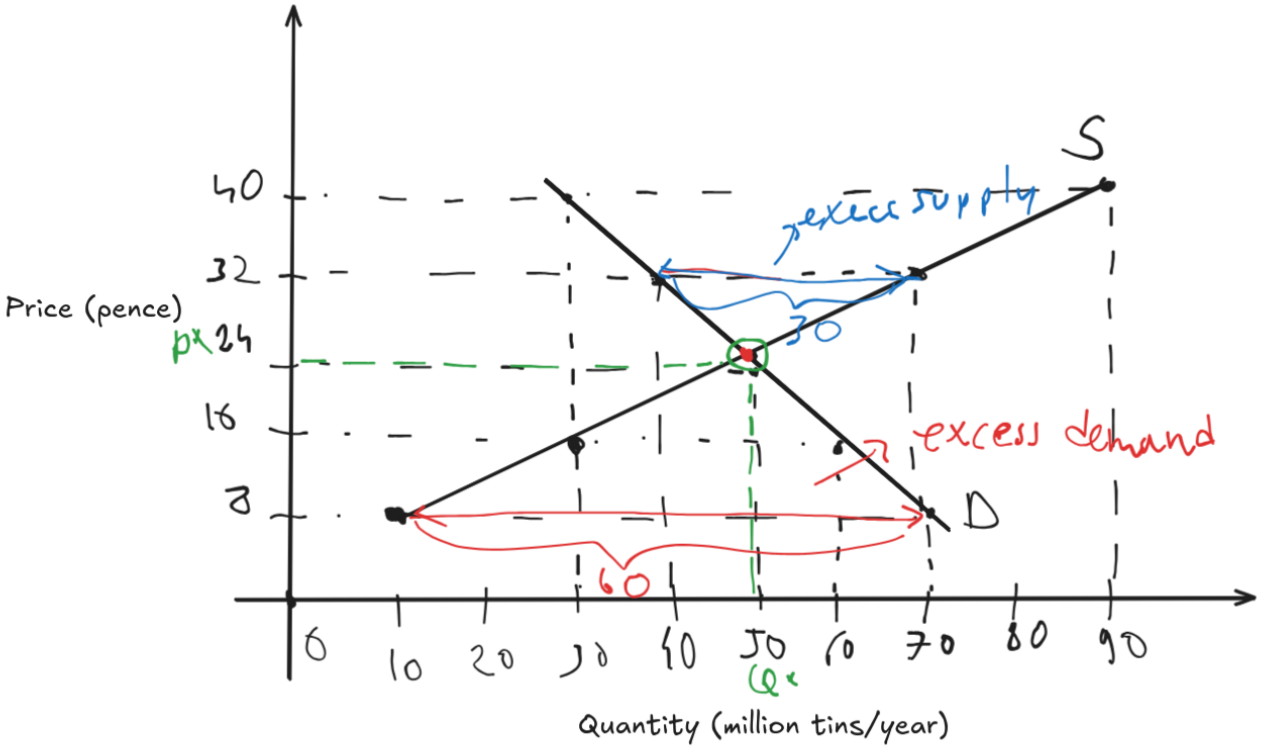
Complete



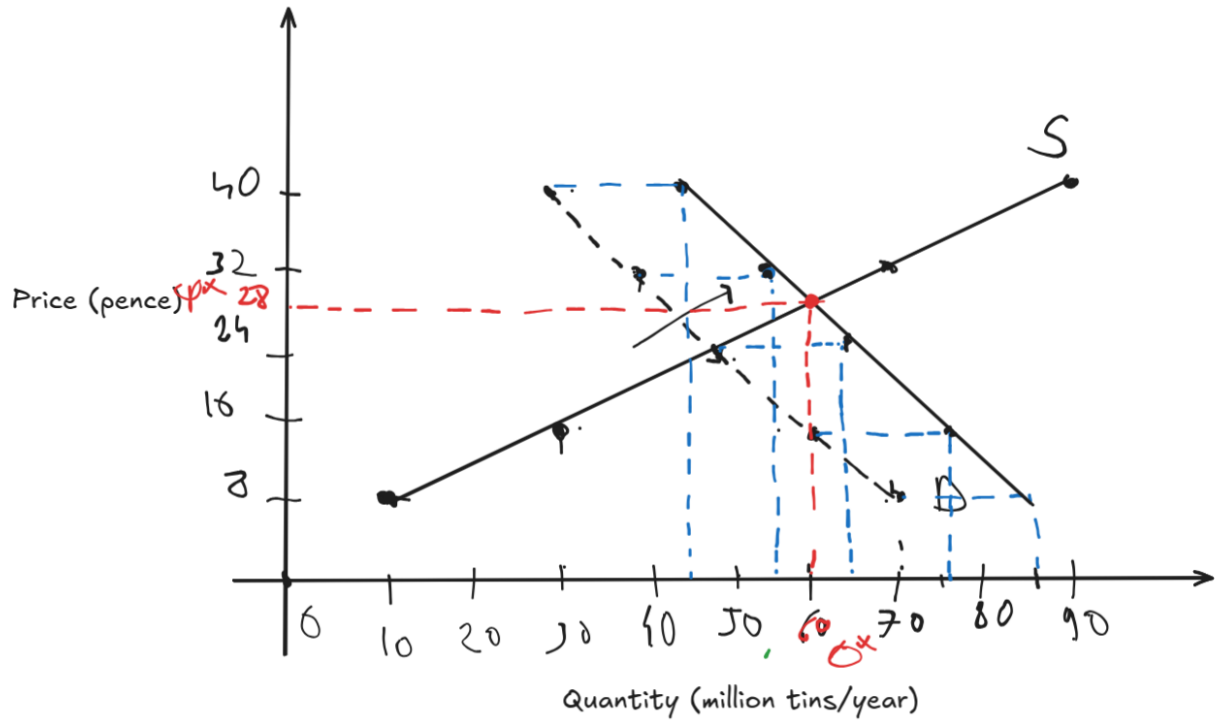
d.

$P^* = 24$p

$Q^* = Q_d(P^*) = Q_s(P^*) = 50$ million tins/year.



e.
$Q_d(P) - 15 = -10/8(P - 64)$
$Q_s(P) = 20/8(P - 4)$
$Q_d(P) = Q_s(P) \implies P = 840/30 = 28$ p
$Q_d(28) = 20/8(28 - 4) = 60$ million tins/year



7

S - Substitutes C - Complements D - Depens (Should be measured)
(a) S
(b) C

(c) D - No idea how they can be correlated. Maybe you buy icecreams when you wait to fill your petrol.
(d) C
(e) D - If I have to chose then C cause after eating beef you eat icecrem as desert
(f) D - If I have to chose then C cause usally in bus journeies people buy a lot of icecream to refresh themselfs.
(g) D - No idea how they can be correlated.

8

We have a minimum price =>
a. P_2 Q_3 The market equilibrium
b. P_1because $P_2 < P_1$ and P_1 is min so the price can't go down.
c. Q_1
d. $|Q_1 - Q_4|$
e. P_2 because $P_2 > P_3$and P_3 is min so the market will tend to the equilibrium
f. Q_3
g. None