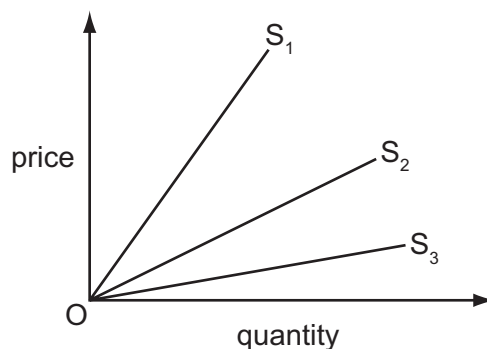


- 9 An industry is comprised of three firms, R, S and T which produce product X.

price of X \$	output of X		
	firm R	firm S	firm T
36	80	59	85
29	73	48	76
22	52	0	68

By how much is a rise in the price of product X from \$22 to \$36 likely to increase the market supply of X?

- A** 27                      **B** 77                      **C** 104                      **D** 224
- 10 A firm estimates that the price elasticity of supply of its product is 0.4.  
Should the firm be concerned by this figure?
- A** No, as it implies that the firm will be able to raise revenue by raising price.  
**B** No, as it suggests there are few substitutes for the product.  
**C** Yes, as it indicates that the firm is not able to adjust supply easily when demand changes.  
**D** Yes, as it means that demand for its product is increasing at a slow rate.
- 11 The diagram shows three supply curves.



What can be concluded about the price elasticity of supply of the curves?

- A** As price rises, the price elasticity of supply of  $S_2$  will increase.  
**B** At any price, the price elasticity of supply of  $S_1$  will be less than that of  $S_3$ .  
**C** At any price, the price elasticity of supply of  $S_2$  will be higher than that of  $S_3$ .  
**D** The price elasticity of supply of all three curves will be the same.