

- 8 The cross-elasticity of demand between good P and good Q is -0.4 .

The cross-elasticity of demand between good P and good R is $+0.6$.

Which combination of goods is most likely to be represented by this information?

	good P	good Q	good R
A	cream	yoghurt	raspberry
B	yoghurt	strawberry	raspberry
C	strawberry	cream	raspberry
D	strawberry	raspberry	cream

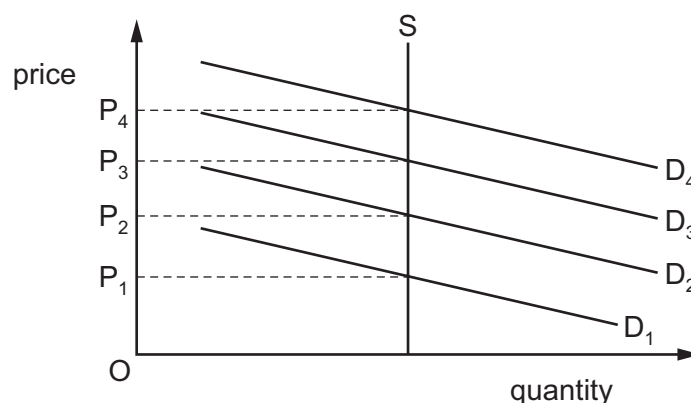
- 9 The supply, S , of a product is determined by the equation

$$S = 10 + 10P$$

where P is the price of the product in \$.

What is the product's price elasticity of supply when its price rises from \$1 to \$2?

- A** 0.5 **B** 1.0 **C** 2.0 **D** 5.0
- 10 In the diagram, the supply curve shows the number of spaces in a car park and the demand curves show the demand for spaces on four different days, D_1 , D_2 , D_3 and D_4 .



The owner wishes to charge a parking fee on each of these days to allocate the spaces according to the market mechanism.

Which pricing policy should the owner use?

- A** set a fixed price at P_1
- B** set a fixed price at P_4
- C** vary prices between P_2 and P_3
- D** vary prices between P_1 and P_4