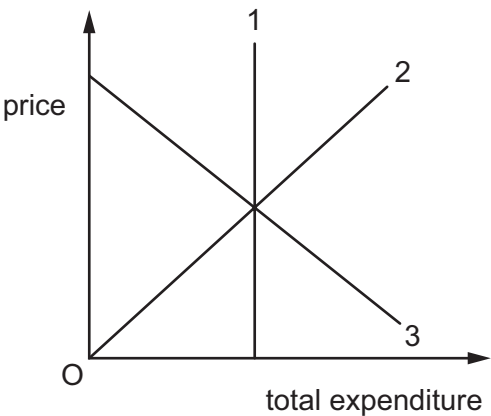


- 7 The diagram shows the relationship between total expenditure and price for three products, 1, 2 and 3.



Which curves represent the products with price elastic and unitary price elastic demand?

	elastic	unitary
A	1	2
B	2	3
C	3	1
D	3	2

- 8 A firm has a perfectly elastic supply curve at the market price of \$10.

Which statement about the firm is correct?

- A** At any price above \$10 quantity supplied is zero.
- B** At any price below \$10 quantity supplied is infinite.
- C** At price \$10 the firm will supply any quantity.
- D** At price \$10 the firm will break even.

- 9 The supply function for a good can be written as $Q = 2P + 10$, where Q is the quantity supplied in kilos and P is the price per kilo in dollars.

The price rises from \$10 to \$15 per kilo.

The value of price elasticity of supply for this price increase lies in a range from

- A** $\frac{1}{6}$ to $\frac{1}{4}$.
- B** $\frac{3}{8}$ to $\frac{1}{2}$.
- C** $\frac{2}{3}$ to $\frac{3}{4}$.
- D** $1\frac{1}{4}$ to $1\frac{1}{2}$.