

- 5 What could **not** cause a shift in an individual's demand curve for Good Z?
- A a change in the price of Z
- B a change in the individual's income
- C a change in the individual's tastes
- D a change in advertising expenditure on Z
- 6 What is most likely to make the demand for Good X inelastic?
- A Good X is a luxury good.
- B Good X is habit-forming.
- C The proportion of income spent on Good X is very high.
- D There are a large number of substitutes for Good X.
- 7 The market for tractors is supplied by two firms, X and Y, each initially having 50 % of the market.
- A 10 % increase in the price of tractors leads to an increase in output from firm X of 10 % and from firm Y of 20 %.
- What is the price elasticity of supply of tractors in this market?
- A 1 B 1.5 C 2 D 3
- 8 The diagram shows how the quantity demanded of four goods changes as income changes.
- Which good has an income elasticity of demand which is always +1?

