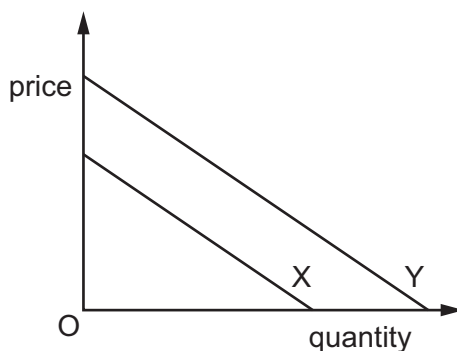


- 6 What is the definition of effective demand?
- A demand that is speculative
  - B demand that is supported by the ability to pay
  - C the relationship between price and quantity demanded
  - D the total amount demanded by consumers
- 7 The price elasticity of demand for good X is  $-2.4$ , its income elasticity of demand is  $-0.4$  and the cross elasticity of demand for good X with respect to good Y is  $+0.8$ .

What is the correct description of good X?

- A inferior good, price-elastic demand and substitute for good Y
  - B inferior good, price-inelastic demand and complement to good Y
  - C normal good, price-elastic demand and complement to good Y
  - D normal good, price-inelastic demand and substitute for good Y
- 8 The diagram shows two straight line demand curves, X and Y.



What is correct about curves X and Y?

- A Both X and Y are unit price elastic over their whole length.
  - B Both X and Y have the same elasticity at every price.
  - C X has a higher price elasticity than Y at every price.
  - D Y is more likely to have substitutes than X.
- 9 The price elasticity of the supply of yoghurt is estimated to be  $+1.5$ .
- If the demand for yoghurt rises and price rises by 20%, how much more will be supplied to the market?
- A 0.3%
  - B 3.0%
  - C 13.3%
  - D 30%