

- 8 What can be concluded about a product which has an income elasticity of demand (YED) of -1.5 and a cross-elasticity of demand (XED) of $+1.2$ with another product?

	YED figure	XED figure
A	The product is an inferior good.	The other product is a complement.
B	The product is an inferior good.	The other product is a substitute.
C	The product is a normal good.	The other product is a complement.
D	The product is a normal good.	The other product is a substitute.

- 9 A product has a low price elasticity of supply.

What might explain this?

- A** The product has a low opportunity cost.
 - B** The product has a perishable nature.
 - C** The product is classed as an inferior good.
 - D** The product is considered to be a necessity.
- 10 A firm is producing 100 units at price \$10. The price elasticity of supply is 0.5, and price is raised to \$12.

What is the new level of output?

- A** 75 **B** 110 **C** 125 **D** 150