

- 7 Which elasticity values indicate that cars are normal goods and that petrol is a complement to car use?

	income elasticity of demand (YED) for cars	cross elasticity of demand (XED) for petrol relative to changes in car prices
A	YED is negative	XED is negative
B	YED is negative	XED is positive
C	YED is positive	XED is negative
D	YED is positive	XED is positive

- 8 What is it necessary to know in order to calculate the price elasticity of supply of a product when its price changes?

- A** the amount of the price change; the quantity demanded at the original price; the quantity supplied at the new price
- B** the equilibrium market price; the quantity demanded at equilibrium; the quantity supplied at equilibrium
- C** the original and new market price; the quantity supplied at the original price; the quantity supplied at the new price
- D** the quantity demanded at the new price; the price change; the quantity supplied at the new price

- 9 The government fixes a minimum price for a product above the current equilibrium price.

Which value for the product's price elasticity of supply will result in the smallest excess supply in its market?

- A** between zero and one
- B** greater than one
- C** one
- D** zero