

- 7 When the incomes of consumers of good X fall by 5%, under which conditions will the demand curve shift furthest to the right?

	nature of good X	income elasticity of demand for good X
A	inferior good	-0.8
B	inferior good	-1.2
C	normal good	+0.9
D	normal good	+1.5

- 8 Good P and good Q are substitutes. There is a decrease in supply of good P because of a shortage of materials.

Which row describes what will happen to demand?

	good P	good Q
A	contraction	extension
B	contraction	shift to right
C	shift to left	shift to left
D	shift to left	shift to right

- 9 The pressure to reduce the use of fossil fuels has led to oil companies reducing the level of investment in the exploration of new reserves.

What will be the long-run effect of such a policy on the market for oil?

	market change	price change
A	upward movement along the demand curve	price decreases
B	downward movement along the demand curve	price increases
C	supply shifts to the left	price increases
D	supply shifts to the left	price decreases