

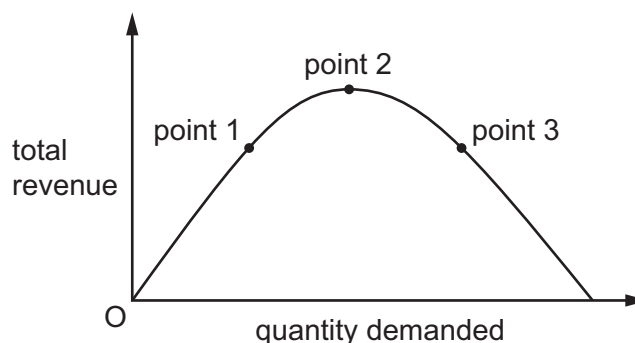
- 8 Goods X and Y are complements with a cross-elasticity of demand of  $-0.8$ .

When the price of good X was \$10, the quantity of good Y demanded was 2000 units per week. After a change in the price of good X, the demand for good Y increases to 2800 units per week.

What is the new price of good X?

- A** \$5.00      **B** \$6.80      **C** \$13.20      **D** \$15.00

- 9 The diagram shows an industry's total revenue when different quantities are demanded.



Which values should be inserted at points 1, 2 and 3 to identify the price elasticity of demand (PED) at that position?

	point 1	point 2	point 3
<b>A</b>	PED > 1	PED = 0	PED < 1
<b>B</b>	PED > 1	PED = 1	PED < 1
<b>C</b>	PED < 1	PED = 0	PED > 1
<b>D</b>	PED < 1	PED = 1	PED > 1

- 10 What would increase the price elasticity of supply of a firm's products?

- A** a decrease in the period of time that stocks can be kept  
**B** a decrease in the time that it takes to produce the products  
**C** an increase in the cost of capital goods employed by the firm  
**D** an increase in the level of employment in the area