

- 5 What could **not** cause a shift in an individual's demand curve for Good Z?
- A a change in the price of Z
 - B a change in the individual's income
 - C a change in the individual's tastes
 - D a change in advertising expenditure on Z
- 6 What is most likely to make the demand for Good X inelastic?
- A Good X is a luxury good.
 - B Good X is habit-forming.
 - C The proportion of income spent on Good X is very high.
 - D There are a large number of substitutes for Good X.
- 7 The market for tractors is supplied by two firms, X and Y, each initially having 50 % of the market.
- A 10 % increase in the price of tractors leads to an increase in output from firm X of 10 % and from firm Y of 20 %.
- What is the price elasticity of supply of tractors in this market?
- A 1
 - B 1.5
 - C 2
 - D 3
- 8 The diagram shows how the quantity demanded of four goods changes as income changes.
- Which good has an income elasticity of demand which is always +1?

