

- 6 The demand curve for new cars in a country shifted to the left.

Which change could have caused such a shift?

- A an increase in real disposable income
 - B an increase in the cost of borrowing
 - C an increase in the price of new cars
 - D an increase in the price of train travel
- 7 The table gives estimates of the price elasticities and cross elasticities of demand for bus and rail travel.

service	elasticity with respect to the price of	
	bus travel	rail travel
bus travel	−0.37	+0.13
rail travel	+0.16	−0.43

What would be the change in the volume of rail travel resulting from a 1% increase in bus fares?

- A an increase of 0.16%
 - B an increase of 0.43%
 - C a reduction of 0.13%
 - D a reduction of 0.37%
- 8 It has been estimated that bread has an income elasticity of -0.04 .

What can be concluded about bread from this information?

- A It is a normal good.
- B It is an inferior good.
- C It has many complements.
- D It has many substitutes.