

- 5 Good X is a substitute for good Y and a complement to good Z.

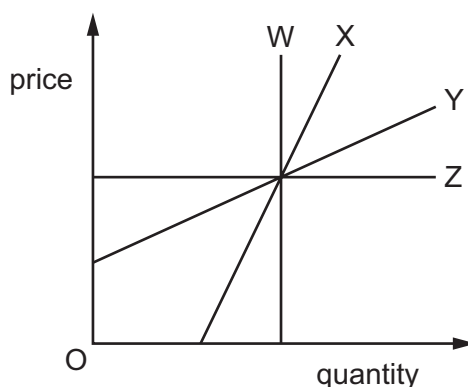
What would happen after a fall in the price of good X?

- A** Only the demand for X will rise.
B Demand for X, Y and Z will rise.
C Demand for Y will fall and for Z will rise.
D Demand for Y will rise and for Z will fall.
- 6 The table shows how an individual's weekly consumption of biscuits and coffee varies with income.

income (\$)	biscuits (packs)	coffee (cups)
100	0	5
150	5	10

Which statement about the income elasticity of demand over the range of income shown is true?

- A** For biscuits it is greater than 1.
B For biscuits it is zero.
C For coffee it is less than 1.
D For coffee it is unitary.
- 7 The diagram shows four supply curves.



Which statement about the price elasticity of these supply curves is correct?

- A** W has elasticity of 0 that will rise as price rises.
B X has elasticity greater than 1 that will be constant as price rises.
C Y has elasticity greater than 1 that will fall as price rises.
D Z has elasticity of 0 that is constant as quantity rises.