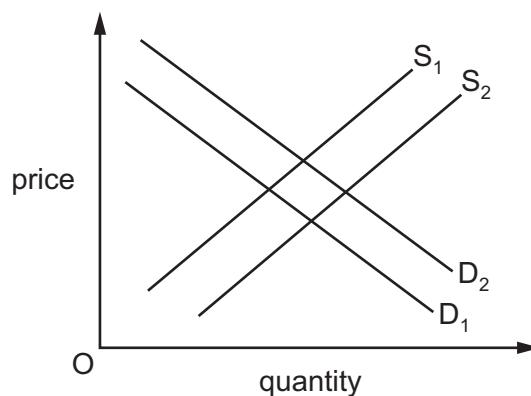


- 9 The price elasticity of supply of an 'App' for a phone is perfectly elastic. The current selling price for the 'App' is \$10 and 200 'Apps' are sold per day. The 'App' becomes more popular and, as a result, demand increases by 50% at every price.

What will be the outcome of the change in demand?

- A The price increases by 50% and the firm's revenue increases by 50%.
 - B The price increases by less than 50% and the firm's revenue increases by less than 50%.
 - C The price stays the same and the firm's revenue increases by 50%.
 - D The price stays the same and the firm's revenue increases by an infinite amount.
- 10 In the diagram shown, D_1 and S_1 are the initial demand and supply curves for the US car market.



What will cause the demand curve for cars to shift to D_2 and the supply curve for cars to shift to S_2 ?

- A a fall in real income and an increase in a unit tax on cars
- B a fall in unemployment and the removal of subsidies from the car industry
- C a rise in the price of bus fares and a fall in the cost of production of the car industry
- D a rise in the price of petrol and a fall in the number of firms in the car market