7 Two goods X and Y have a positive cross-elasticity of demand and upward-sloping supply curves.

What will be the effect of a reduction in the price of good Y?

A The demand for good X will increase.

B The demand for good Y will decrease.

C The price of good X will decrease.

D The quantity of good X supplied will increase.

8 Which statement best describes the meaning of price elasticity of supply?

A how much price changes when there has been a change in supply

B how much supply changes when there is a change in demand

C how much supply changes when there is a change in price

D how much supply changes when there is a change in the price of a substitute

9 The table shows changes in a consumer's expenditure on various goods when her income increases from \$20 000 to \$24 000.

good	income \$20 000: amount spent on good (\$)	income \$24 000: amount spent on good (\$)
W	100	96
X	100	100
Y	200	224
Z	200	248

Assuming all else remains unchanged, for which goods is the consumer's income elasticity of demand greater than 1.0?

A W, Y and Z

B W and Z only

C W only

D Z only