8 A product is an inferior good with no close substitutes. It is also a complement to good X.

Which product matches the above description?

	price elasticity of demand	income elasticity of demand	cross-elasticity of demand with respect to the price of X
A	–2	+2	+1
B	–2	+2	–1
C	–0.5	–2	+1
D	–0.5	–2	–1

9 The table shows the quantities demanded (Q) of goods X and Y corresponding to different prices (P) of the two goods.

	P_X = \$8	P_X = \$10
P_Y = \$3	Q_X = 16 Q_Y = 20	Q_X = 12 Q_Y = 30
P_Y = \$4	Q_X = 20 Q_Y = 16	Q_X = 16 Q_Y = 24

What is the range of the value of the cross-elasticity of demand for good Y with respect to the price of good X?

A 0.75 to 1.5 **B** 1.50 to 2.4 **C** 1.66 to 2.0 **D** 1.75 to 2.5

10 A firm estimates that the price elasticity of supply of its product is 0.4.

Should the firm be concerned by this figure?

A No, as it implies that the firm will be able to raise revenue by raising price.

B No, as it suggests there are few substitutes for the product.

C Yes, as it means that demand for its product is increasing at a slow rate.

D Yes, as it shows that the firm is not able to adjust supply easily when demand changes.