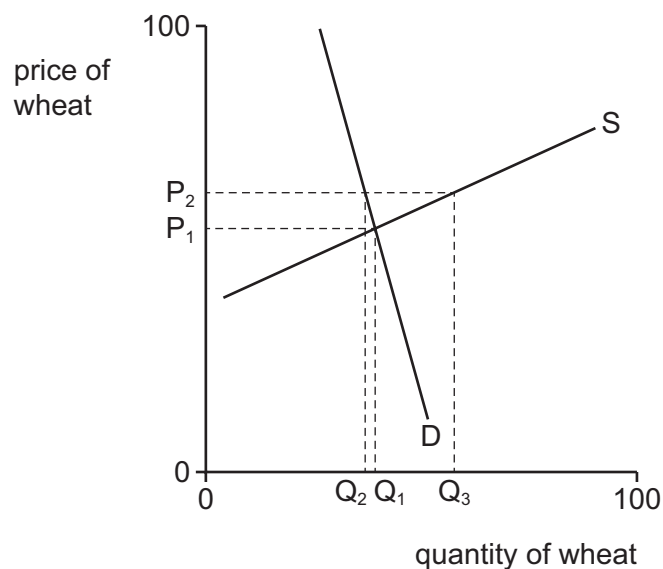


8 When is the supply curve for a car manufacturing firm **most** likely to be price elastic?

- A when the firm finds it difficult to recruit new labour
- B when the firm has a large quantity of stock
- C when the firm is operating in the short run
- D when the firm is operating near to full capacity

9 The diagram shows a market for wheat.



What is the response of demand for and supply of wheat when the price of wheat falls from P_2 to P_1 ?

	demand	supply
A	elastic	elastic
B	elastic	inelastic
C	inelastic	elastic
D	inelastic	inelastic