

- 8 The cross-elasticity of demand between good P and good Q is  $-0.4$ .

The cross-elasticity of demand between good P and good R is  $+0.6$ .

Which combination of goods is most likely to be represented by this information?

	good P	good Q	good R
<b>A</b>	cream	yoghurt	raspberry
<b>B</b>	yoghurt	strawberry	raspberry
<b>C</b>	strawberry	cream	raspberry
<b>D</b>	strawberry	raspberry	cream

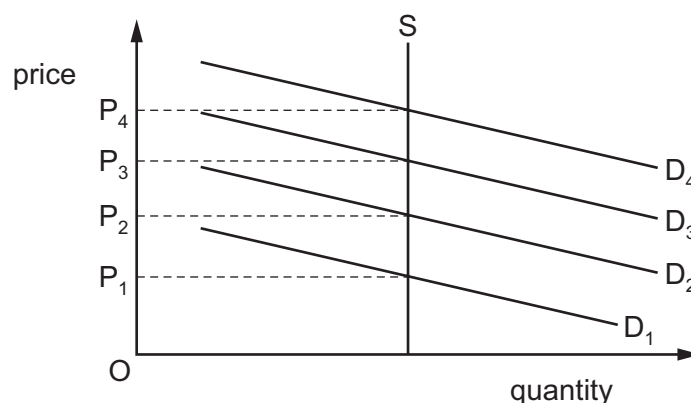
- 9 The supply,  $S$ , of a product is determined by the equation

$$S = 10 + 10P$$

where  $P$  is the price of the product in \$.

What is the product's price elasticity of supply when its price rises from \$1 to \$2?

- A** 0.5                      **B** 1.0                      **C** 2.0                      **D** 5.0
- 10 In the diagram, the supply curve shows the number of spaces in a car park and the demand curves show the demand for spaces on four different days,  $D_1$ ,  $D_2$ ,  $D_3$  and  $D_4$ .



The owner wishes to charge a parking fee on each of these days to allocate the spaces according to the market mechanism.

Which pricing policy should the owner use?

- A** set a fixed price at  $P_1$   
**B** set a fixed price at  $P_4$   
**C** vary prices between  $P_2$  and  $P_3$   
**D** vary prices between  $P_1$  and  $P_4$