Question code: 1C04Q016

Study the following supply-demand diagram for luxury cars.

P

Q

D1

Q1

Q2

P1

P2

S

0

D2

Which of the following can explain the above change?

A. The price of steel decreases.

B. Luxury cars are normal goods and people’s income decreases.

C. Diesel price increases.

D. Consumers expect the price of luxury cars to increase.

Answer:

D