Unit 21: Exam 3-Nov.15 (Saturday) - Exam. 3

Help

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1.

If price of good X increases by 7.2 %, the quantity of good Y demanded decreases by 8.9 %. The cross elasticity of demand for the products is…and the products are …

(Points: 1)

- a. 0.81, substitutes ;
- b. 1.24, substitutes ;
- c. - 0.81, complements ;
- d. -1.24, complements.
- e. None of them.

2. If income increases by 14.7 %, the quantity of good A demanded decreases by 31.2 %. The income elasticity of demand for the product is…and the product is ….
(Points: 1)

- a. 2.12 , normal goods.
- b. -2.12, inferior good.
- c. 0.47, Normal goods.
- d. -0.47, inferior good.
- e. None of them.

3. Corporation ABC changed the price of a good from $ 26 to $ 32 and it realized that the total revenue had changed from $10,400 to $9600. The price elasticity of demand of the good is …
(Points: 1)

- a. Elastic.
- b. Unit elastic.
- c. Perfectly elastic.
- d. Inelastic.
- e. None of them.

4. The quantity of a product Y demanded changes from 71 to 86 , when price of good X changes from $4 to $5.6. The cross elasticity of demand between X and Y is …., and the goods are ….
(Points: 1)

- a. 1.74, substitutes ;