

PRICE ELASTICITY OF DEMAND

<p>The diagram shows the demand for chocolate.</p> <div style="text-align: center;"> </div> <p>What could cause the movement from point X to point Y?</p> <p>A a change in tastes B a fall in the price of chocolate C an increase in income D a successful advertising campaign for chocolate</p>	B																			
<p>The table shows four people's demand for t-shirts at two prices.</p> <table border="1" style="margin: 10px auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2">price of t-shirt \$</th> <th colspan="4">demand for t-shirts (units)</th> </tr> <tr> <th>Elsa</th> <th>George</th> <th>Hamid</th> <th>Shara</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>4</td> <td>6</td> <td>3</td> <td>5</td> </tr> <tr> <td>15</td> <td>2</td> <td>3</td> <td>1</td> <td>4</td> </tr> </tbody> </table> <p>Who has the most elastic demand for t-shirts when the price rises from \$10 to \$15?</p> <p>A Elsa B George C Hamid D Shara</p>	price of t-shirt \$	demand for t-shirts (units)				Elsa	George	Hamid	Shara	10	4	6	3	5	15	2	3	1	4	C
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<p>A company decided to reduce the price of its product by 10%.</p> <p>What would happen?</p> <p>A The firm's costs would decrease if the elasticity of demand was greater than one. B The firm's profits would increase if the elasticity of demand was greater than one. C The firm's revenue would increase if the elasticity of demand was greater than one. D The quantity sold would decrease if the elasticity of demand was less than one.</p>	C																			

The table illustrates the demand and supply for coffee in a market in Africa.

price per kg (\$)	quantity demanded (kg)	quantity supplied (kg)
10	50	10
20	40	20
30	30	30
40	20	40
50	10	50

When the price rises from \$20 to \$30 per kg, what is the price elasticity of demand for coffee?

- A** 0.2 **B** 0.5 **C** 2.0 **D** 5.0

B