

**Demand, Supply, Elasticity Short Questions**

**2000**

- (a) A consumer buys 100 units of a product when the price is £ 1. When the price is increased to £ 1.25 the consumer buys 80 units. Calculate the Price Elasticity of demand for this consumer. (Show all your workings)

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.....  
.....  
.....

- (b) Is the demand for this good elastic, inelastic or unitary elastic?

.....  
(16 marks)

**2007**

Consumers buy 50 units of a product when the price is €1.50. When the price is reduced to €1 consumers buy 90 units. Using an appropriate formula, calculate the consumers' **price elasticity of demand**. **Show your workings and explain your answer.**

<p><b>Workings</b></p>
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**Explanation:**

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.....  
.....  
.....

(16 marks)

2010

A consumer spends €200 monthly on Product A when its price is €2 and continues to spend €200 monthly when its price increases to €2.50. Calculate the consumer's price elasticity of demand. (See Formulae and Tables Booklet p.28) **Show all your workings and explain your answer.**

Workings:

Answer:

\_\_\_\_\_

Explanation:

\_\_\_\_\_

\_\_\_\_\_

(16 marks)

2011 DEB

A consumer buys 50 units of a product when its price is €1.50. When the price is reduced to €1.00 the consumer buys 90 units. Calculate the consumer's price elasticity of demand. (See Formulae and Tables Booklet p.28) **Show all your workings and explain your answer.**

Workings:

Answer:

\_\_\_\_\_

Explanation:

\_\_\_\_\_

\_\_\_\_\_

(16 marks)

5. 'Inferior products have a negative Income Elasticity of Demand (YED)'.

(a) Explain this statement.

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) State **one** example of an inferior product, giving a reason for your answer.

Example: \_\_\_\_\_

\_\_\_\_\_

(16 marks)

**2013**

Read each statement below and indicate if the price elasticity of demand (PED) for the product is most likely to be elastic or inelastic. (Tick ✓ the correct box.)

STATEMENT	ELASTIC	INELASTIC
Consumers are strongly attached and loyal to the product.		
Many close substitutes are available for the product.		
The product is a luxury product.		
The product accounts for only a small fraction of a consumer's weekly expenditure.		

**(16 marks)**