

7. If a good has a price elasticity of demand of 0.7 (E_p) and a $\% \Delta Q_d = 0.21$ or 21%, by how much was the $\% \Delta P_{own}$?
A. 30% or 0.3
B. 50% or 0.5
C. 35% or 0.35
D. 10% or 0.1
8. If the price of good X was \$18 in 2016 and it increased in price to \$19 in 2017, the quantity demanded for good Y decreased by 5% (or -0.05), then we can conclude that the relationship between these two goods is:
A. Good X and Y are substitutes
B. Good X and Y are complements
C. Good X and Y have no relationship
9. If the price of good X was \$18 in 2016 and it increased in price to \$19 in 2017, the quantity demanded for good Y increased by 5% or (0.05), then we can conclude that the relationship between these two goods is:
A. Good X and Y are substitutes
B. Good X and Y are complements
C. Good X and Y have no relationship
10. If the price of good X was \$18 in 2016 and it increased in price to \$19 in 2017, the quantity demanded for good Y did not change, then we can conclude that the relationship between these two goods is:-
A. Good X and Y are substitutes
B. Good X and Y are complements
C. Good X and Y have no relationship
11. You are trying to observe whether chocolate bars and coffee cups are complements or substitutes. So after collecting prices you observe that when the price of a chocolate bar increases from \$2 to \$4, the quantity of coffee demanded changes from 10,000 to 11,000. The cross-price elasticity of demand (E_{cp}) is:-
A. 0.06
B. 0.6
C. 0.2
D. 0.1
12. Given your response on question 11, Chocolate bars and cups of coffee are:
A. Substitutes
B. Complements
C. No relation
13. MARS Inc. is the parent company of Pedigree dog food and M&Ms. They hire you to measure whether dog food and M&Ms are related to each other. As you proceed with your calculations for cross-price elasticity of demand you observe that changes in the price of dog food has a 0% Δ in Q_d . This implies that these two goods are substitutes:
A. True
B. False