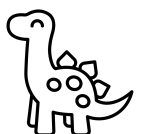


# Elasticities

1. What is the definition of price elasticity of demand?
2. Give the formula for PED
3. What is meant by 'price elastic demand'?
4. What values would constitute 'price elastic demand'?
5. Draw a price elastic demand curve
6. What is meant by 'perfectly price elastic demand'?
7. What values would constitute 'perfectly elastic demand'?
8. Draw a perfectly elastic demand curve
9. What is meant by 'price inelastic demand'?
10. What values would constitute 'price inelastic demand'?
11. Draw a price inelastic demand curve
12. What is meant by 'unit elastic demand'?
13. What value would constitute 'unit elastic demand'?
14. Draw a unit elastic demand curve
15. Give 3 factors which influence the PED of a product
16. What is the definition of cross price elasticity of demand?
17. Give the formula for XED
18. What is the definition of substitute goods?
19. What values of XED would constitute a substitute?
20. What is the definition of complementary goods?
21. What values of XED would constitute complementary goods?
22. What would an XED of 0 indicate?
23. What is the definition of income elasticity of demand?
24. Give the formula for YED
25. What is the definition of an inferior good?
26. What values of YED would constitute an inferior good?
27. What is a normal good?
28. What values of YED would constitute a normal good?
29. What is the definition of a luxury good?
30. What values of YED would constitute a luxury good?
31. What is another term for a luxury good?
32. What is the term for a normal good which is not a luxury good?
33. Why do firms need to know the price elasticity of demand for their products?
34. Under what circumstances would an increase in price increase the revenue gained from a product?
35. Under what circumstances would an increase in price decrease the revenue gained from a product?
36. Under what circumstances would an increase in price leave revenue unchanged?
37. Why do firms need to know the cross price elasticity of demand for their products?
38. Why do firms need to know the income price elasticity of demand for their products?
39. Under what circumstances would a recession increase the sales of product?



# Elasticities

40. What is the definition of price elasticity of supply?
41. Give the formula for PES
42. What is meant by 'price elastic supply'?
43. What values would constitute 'price elastic supply'?
44. Draw a price elastic supply curve
45. What is meant by 'perfectly price elastic supply'?
46. What values would constitute 'perfectly elastic supply'?
47. Draw a perfectly elastic supply curve
48. What is meant by 'price inelastic supply'?
49. What values would constitute 'price inelastic supply'?
50. Draw a price inelastic supply curve
51. Give 3 factors which influence the PES of a product
52. What is meant by 'perfectly price inelastic demand'?
53. What values would constitute 'perfectly inelastic demand'?
54. Draw a perfectly inelastic demand curve
55. What is the economic definition of the long run?
56. Why is PES more elastic in the long run?

