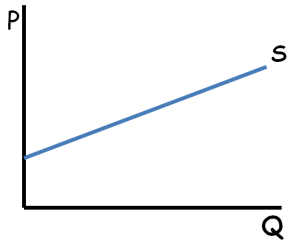
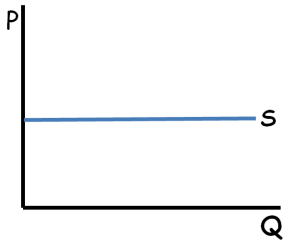
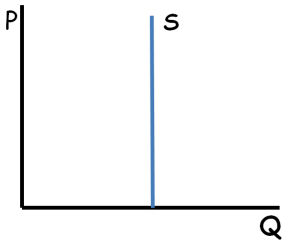
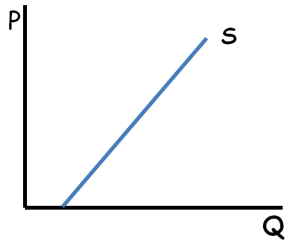
# Topic 2.4 & 2.5 Other Elasticities

1. **Looking at the graphs below, identify which supply curve matches the correct elasticity.**

| Relatively Inelastic | Relatively Elastic | Perfectly Elastic | Perfectly Inelastic |
|---|---|---|---|
|  |  |  |  |
| | | | |

2. **What is the formula for price elasticity of supply?**

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3. **For each of the following scenarios, calculate the elasticity coefficient (show your work), and identify whether the price elasticity of supply is perfectly elastic, perfectly inelastic, relatively elastic, relatively inelastic, or unit elastic.**

| | Coefficient | Elasticity |
|---|---|---|
| A 10% increase in price causes a 20% increase in quantity supplied. | | |
| The price decreases from $500 to $400 and quantity supplied decreases from 100 to 95. | | |
| The supply curve is horizontal (no need to calculate on this one). | | |
| A 25% increase in price causes a 25% increase in quantity supplied. | | |
| The price increases from $1000 to $2000 and the quantity supplied stays at 400 for both prices. | | |

4. **Define each of the following:**

| | |
|---|---|
| Normal Goods | |
| Inferior Goods | |
| Complements | |
| Substitutes | |

5. **What is the formula for income elasticity?**

6. **What is the formula for cross-price elasticity?**

7. **Using your knowledge of elasticity, identify the type of good the underlined product is (complement, substitute, inferior, or normal) and identify the new quantity demanded.**

| | Type of Good | New Qd |
|---|---|---|
| **Good A has a cross-price elasticity of -3 with regard to good B. The original Qd for good B is 100 and there is a 10% increase in the price of good A.** | | |
| **Good Z has an income elasticity of -0.25. The original Qd for good Z is 40 and there is a 100% increase in consumer income.** | | |
| **Sunglasses have an income elasticity of 2. The original Qd for sunglasses is 70 and there is a 10% decrease in consumer income.** | | |
| **Tang and Ovaltine have a cross-price elasticity of 0.5. The original Qd for Ovaltine is 50 and there is a 20% increase in the price of Tang.** | | |