

Solutions

Each answer shows the steps, then the **result**.

2.1

- they are substitutes

2.2

- it is an inferior good

2.3

- $YED = \frac{-5\%}{10\%} = -0.5$; negative, so it is an **inferior** good

3.1 B

3.2 C

3.3

(a)

- $XED = \frac{+10\%}{+20\%} = +0.5$

(b)

- substitutes (positive XED)