2 Price and elasticity – Part 2 —Answers

Answers

Work through these after trying the questions yourself.

2.6 The price where demand equals supply (the market clears).
2.7 Where the demand and supply curves cross.
2.8 How much demand changes when the price changes.
2.9 Elastic.
2.10 Inelastic.

2.11 Salt is a cheap **necessity** with **no real substitute**, so a price rise barely changes how much people buy —**inelastic**. One **brand** of crisps has many **substitutes**, so if its price rises buyers switch to other brands —a big response, **elastic**.