2 Price and elasticity – Part 2

Name: ______________ Class: __________ Date: ____________

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	**中文**	**Write it 3 times** (English)		
equilibrium price	均衡价格			
Price elasticity of demand	需求价格弹性			

Recall

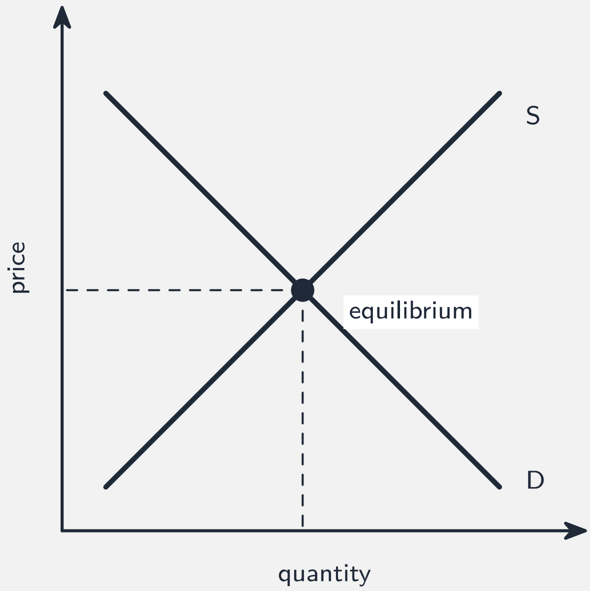
Where supply and demand meet sets the price, and the strength of the response is called elasticity.

New ideas

Read these first, then do the Practice.

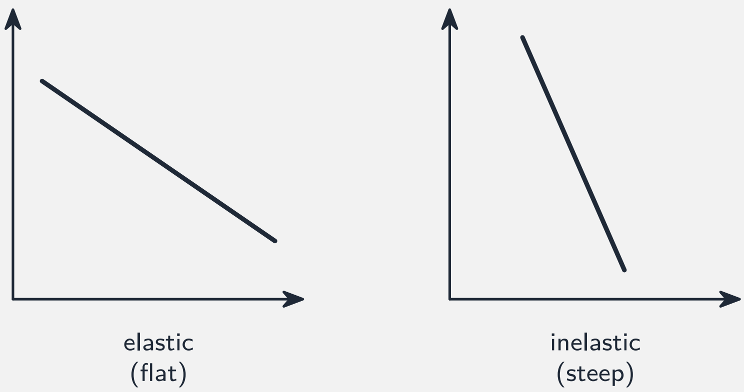
1 The equilibrium price

The **equilibrium price** 均衡价格 is where the demand and supply curves cross — the amount buyers want to buy equals the amount sellers want to sell:



■ **2 Price elasticity**

Price elasticity of demand 需求价格弹性 measures how much demand changes when the price changes:



Watch out: the **equilibrium price** is where the demand and supply curves *cross*—demand equals supply. **Elastic** demand (a flat curve) means a big response to a price change; **inelastic** (a steep curve) means a small one.

Practice

Try these in order.

2.6 What is the *equilibrium price*? [1]

2.7 On a diagram, where is the equilibrium? [1]

2.8 What does *price elasticity of demand* measure? [1]

2.9 Is a flat demand curve elastic or inelastic? [1]

2.10 Demand for a product barely changes when its price rises. Is it elastic or inelastic? [1]

2.11 Challenge. Explain why demand for salt is inelastic, but demand for one particular brand of crisps is elastic. [2]