Exercise 1

The following table presents data concerning the demand for Product X:

	Price	Quantity
A	**25**	**0**
B	**20**	**20**
C	**15**	**40**
D	**10**	**60**
E	**5**	**80**
F	**0**	**100**

A) Draw the demand curve.
B) What is elasticity?
C) What is the sign of the coefficient of elasticity?
D) Calculate the price elasticity **at the mid-point of each interval**.

Exercise 2

The price elasticity of demand of a certain good is 2 and we are currently selling 100 units at a price of 20 €. How many units will be sold at a price of 21 €? Show your answer with the respective calculations.

Exercise 3

A company selling mini laptops is marketing a particular laptop in a market where demand corresponds to the expression: $Q^d = 25000 - 40p$.

This company is considering increasing the selling price of the mini laptop and would like to know what impact that the increase in price will have on the total income.

a. Calculate the value of this elasticity considering the current price of its mini laptop is 500 m.u.

b. In view of the above result, state with appropriate reasons whether the firm should increase its price and the effect that total income will have due to this price increase.

Exercise 4

If a producer lowers the prices by 20% in a given good, knowing that the elasticity of demand with respect to price is 1.5. How much do you estimate the quantity demanded will vary (as a percentage)?

a) 15%
b) 30%
c) 45%
d) 5%

Exercise 5

When the price elasticity of demand for a normal good is relatively elastic:

a) A reduction in the price of the good involves obtaining a higher income by the offerer.
b) A reduction in the price of good involves obtaining a lower income by the offerer.
c) A reduction of prices does not alter the amount of income by the offerer.
d) None of the other answers is correct.

Exercise 6

If when the price of a good "X" is reduced, an increase is induced in the quantity demanded of good "X" itself, as well as a decrease in the quantity demanded of good "Y", we say that "X" and "Y" are:

a) Complementary
b) Substitutes
c) Normal goods
d) None of the previous