

## **Week #4 Worksheet – Elasticity ~ Case Study**

*For questions 1 – 5, decide which good is more elastic based on the determinants of price elasticity of demand (assume not a lot of time has gone by since price change).*

1. Foreign Travel vs. Shoe.
2. Cigarettes vs. Housing
3. Coffee vs. Automobiles
4. Gasoline vs. Private Education
5. Restaurant Meals vs. Chevrolet Automobiles
  
6. If the price elasticity of demand for the movie “Dirty Harry” is -0.44, how would you classify the demand for this movie?
  
7. Recently, a downtown movie theater reduced its ticket price on Monday evenings from \$5 to \$2 and (everything else staying constant) average ticket sales on Monday evening rose from 100 to 400.
  
8. The price of oysters increases by 14%. As a result, the quantity demanded decreases by 27%. What is the price elasticity of demand for oysters?
  
9. A 10% increase in the price of Redskins jerseys causes the quantity demanded to fall by 10%. How would you classify demand for these jerseys?
  
10. Suppose the price elasticity of demand for gasoline is - 0.4 and the price of gas increased by 22%. What is the expected change in quantity demanded?
  
11. The price elasticity of demand for iPods is -4. A 20% decrease in the price of iPods would cause the quantity demanded to \_\_\_\_\_ by \_\_\_\_\_.
  
12. The demand for airline tickets is elastic. Other things equal, if the price of airline tickets decreases, total revenue from the sales of airline tickets will increase/decrease/not change/indeterminate.
  
13. If the supply of a good is unit elastic and the price of that good increases by 10%, quantity supplied \_\_\_\_\_ by \_\_\_\_\_.
  
14. Suppose the price elasticity of demand for gasoline is = .4 and the price of gas increased by 22%. What is the expected change in quantity demanded?