**MICROECONOMICS VI.**

1. **Create the figures of various kind of demand elasticity:**
2. Unitary elastic demand
3. Relative elastic demand
4. Relative inelastic demand
5. Perfect inelastic demand
6. Perfect elastic demand
7. **The firm sells 1000 pieces of X by the price of 10 USD. By the price of 50 USD the firm sells 500 pieces per day. What is the price elasticity?**

1. **In 1974 Brazil covered its production of about ¾ world coffee. In 1975 the frost destroyed 75% of all Brazilian crops, resulting in a world coffee price increase of 400%. What was the price elasticity of demand?**

1. **By what price and amount of output of perfect competitor the total revenue from the sale of product X will be maximized, knowing that MR = 700 – 0,01 Qx and Qx = 35.000 pcs/year.**
2. **Calculate the cross price elasticity of demand if the product Y price is reduced from 500, - CZK to 400, - CZK, and the amount of product X from 30,000 to 27,500.**

**a)** **Determine based on the calculated cross price elasticity of demand, whether X and Y products are substitutes or complements.**

**b)** **Calculate income elasticity of demand if the values are:**

**I1=10,000 USD a Qx1=30,000 pcs/year, I2=11,000 USD a Qx2=33,000 pcs/year**

**c)** **According to income elasticity of demand, determine what product goes:**

1. **The patient must buy a certain amount of prescription drug, but not more than the prescribed amount. He is willing to pay any price, determine the slope of the demand curve, and draw it.**

1. **Specify the cross-price elasticity of demand for the combination of goods:**

a) **tennis racket and tennis ball**

b) **bread roll and bread**

c) **BMW and a pen**