

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

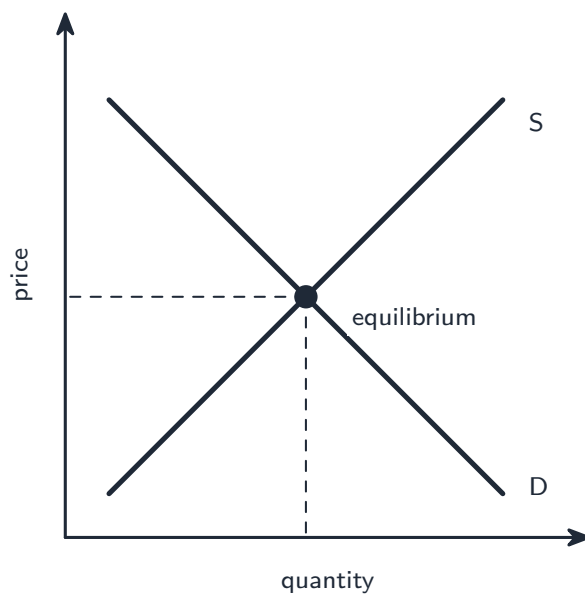
Where supply and demand meet sets the price, and the strength of the response is called elasticity.

New ideas

Read these first, then do the Practice.

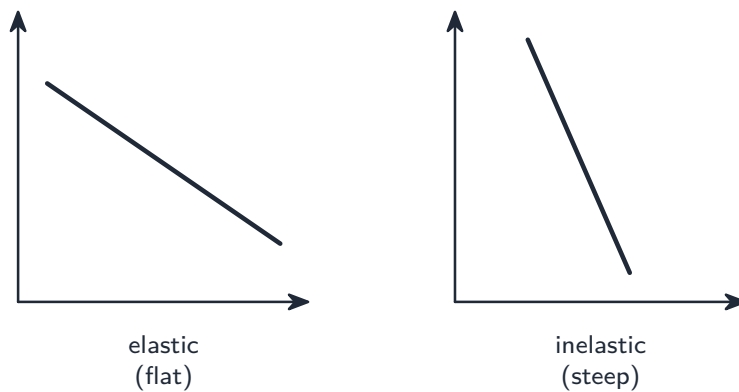
■ 1 The equilibrium price

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]