

Answer on Question #64255 - Economics – Microeconomics

- a) Question: If the price is SR 3, now many gallons of petrol per week are bought by (i) each car owner and (ii) each motorcycle owner?

Solution: If the price is SR 3, then each car owner are bought  $Q=20-5p=20-5*3=5$  gallons of petrol per week, each motorcycle owner are bought  $Q=15-3p=15-3*3=6$  gallons of petrol per week.

- b) Question: Write an algebraic expression for the market demand function.

Solution:

$$\left\{ \begin{array}{l} Q_D = 100*(20-5p)+50*(15-3p)=2750-650p, \text{ where } p \leq 4; \\ Q_D = 50*(15-3p)=750-150p, \text{ where } p \leq 5; \\ Q_D = 0, \text{ where } p > 5. \end{array} \right.$$

Answer:

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