

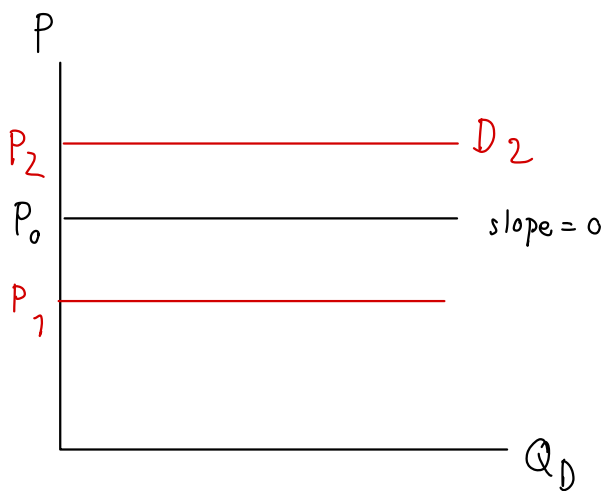
HW#5 Due Feb 3, 2022

1) How the demand increases in each of these extreme cases

A) Demand is horizontal

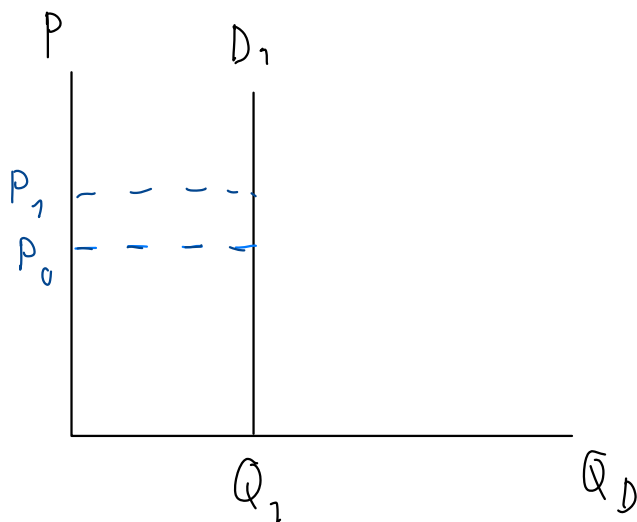
B) Demand is vertical

2) If individual demands of two consumers are horizontal but at different prices, what will be the market demand derived from these two consumers?

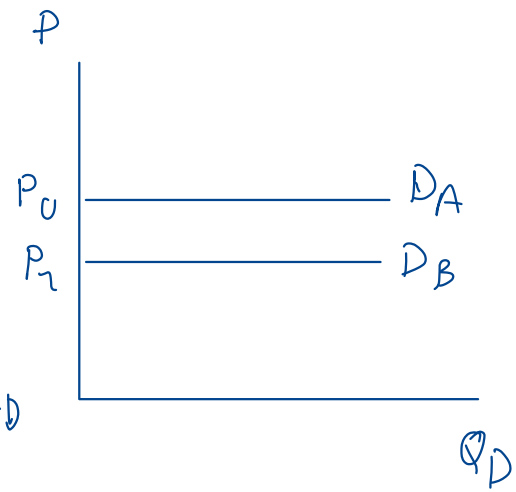
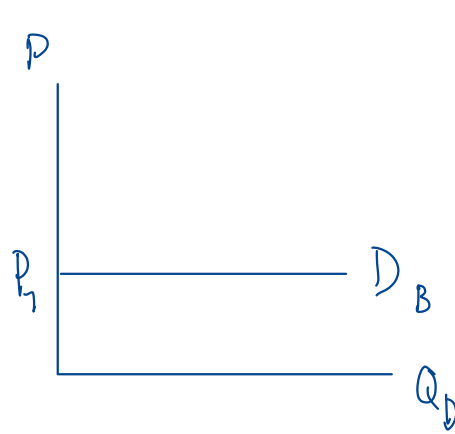
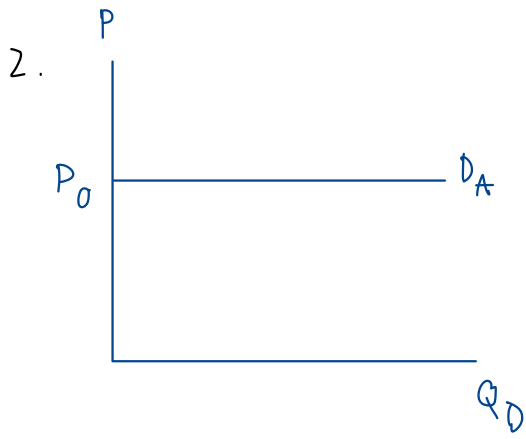


At P_0 , Q_D is infinity

At P_2 , Q_D is zero



At price P_0 to P_1 ,
the quantity demand is still Q_D



\therefore customer A would likely to buy more products than B does.