NEW MEXICO ECONOMICS · NEW MEXICO

New Mexico Economics
Practice Test

Unit 1: Microeconomics

5 Questions

Original practice test based on the New Mexico curriculum. Work through each question, then check your answers at the end.

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button to let Brett know so he can fix it.

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Question 1

If the price of coffee rises and people buy more tea, the cross elasticity of demand between coffee and tea is

A) Negative

B) Positive

C) Zero

D) Equal to one

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Question 2

If income rises and demand for a good falls, the good is

A) An inferior good

B) A normal good

C) A luxury good

D) A substitute good

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Question 3

When demand is inelastic, a rise in price will cause total revenue to

A) Fall

B) Stay the same

C) Become zero

D) Rise

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Question 4

A firm has fixed costs of 100 and variable costs of 250. What is its total cost?

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Question 5

A firm has total cost of 600 and produces 30 units. What is its average total cost?

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ANSWER KEY

1. B
2. A
3. D
4. 350
5. 20

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