

1. Suppose the marginal benefit to you of acquiring another suit this year is \$200. If the price of suits is \$250, and you're rational, will you buy one?

2. You currently choose to buy two DVDs of new releases per month with your income. The current price is \$29.99. Other things being equal, explain why a drop in the price to \$25.99 next month is likely to increase the quantity you'll buy.