

**20. Correct. The answer is false.** Income elasticity at equilibrium is  $(dQ_d/dY) \cdot (Y/Q_d) = 0.1 \cdot (100/36.45) = 0.274$ . Oil is a normal good at equilibrium but not a luxury good. A luxury good would require an income elasticity greater than 1, while a negative income elasticity would imply the good is inferior.