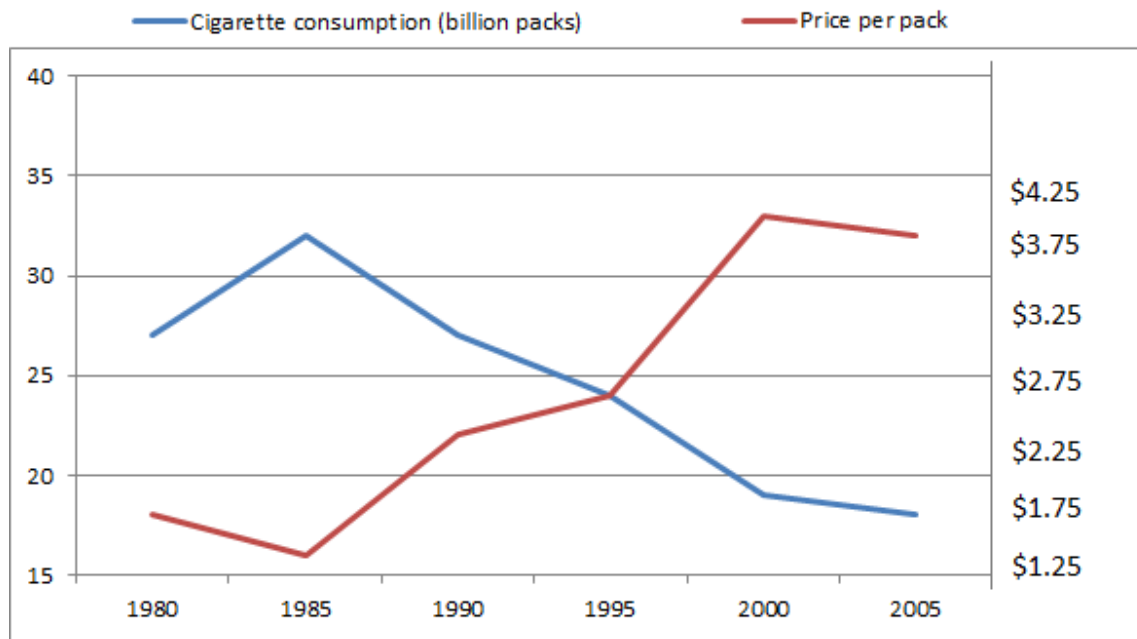


### Cigarette consumption and prices in the U.S. between 1980-2005



This line graph compares cigarette consumption against the average retail price of per packet of cigarette in the U.S. over a 25-year period, from 1980 up until 2005. A clear conclusion to be drawn from the graph is that there is a negative correlation between prices and consumption, such that as the prices were raised, the amount of smoking fell accordingly. The graph does not provide the numbers of smokers, so we do not know whether it was the decrease in the number of smokers or in the average amount each person smoked that caused the decrease in consumption.

In 1980, when the price of a packet of cigarette was around 1.75 dollars, the number of packets consumed was well above 25 billion. Up until 1985, the prices steadily fell, reaching the lowest price, at a little over 1.25 dollars. That same year was also the year when most cigarettes were consumed, with almost 32 billion packets. From 1985 onwards, the retail prices of cigarettes continually increased until 2000, and reached the peak price in 2000 at over 3.75 dollars. Cigarette consumption followed an opposite trend, and steadily decreased from 1985 to 2005, indicating a direct negative relationship with the prices. In 2005, when each packet of cigarette costed smokers 3.75 dollars, fewer than 20 billion packets were consumed, which is a significant fall from over 30 billions in 1985.

Briefly, there is a negative correlation between cigarette prices and cigarette consumption; so, the more the prices, the less the consumption.