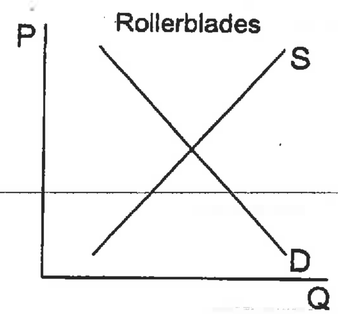
Name:___________________
Period: __________________

# Changes in Market Equilibrium

**On the graphs that follow, draw in and label one line to show the correct shift in supply or demand for each situation. Be sure to give a reason [redacted] for the shift! Indicate what happens to equilibrium price and quantity by drawing the appropriate arrows in the blanks provided.**

**1. The price of ball bearings needed to make rollerblades rises sharply. How will this affect the market for rollerblades?**

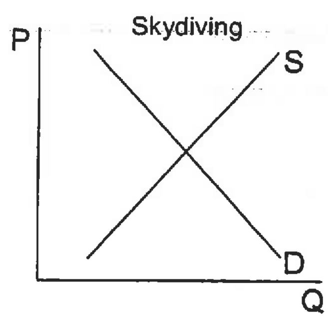



**PRICE** increase

**QUANTITY** decrease

**REASON:** change of cost of input

**2. A panel of doctors announces that skydiving is considered to be a very dangerous activity. How will this affect the market for skydiving?**

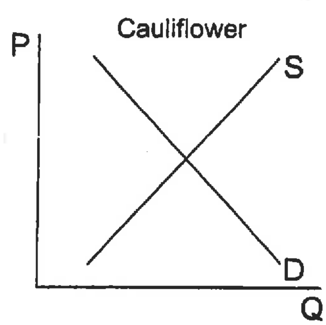



**PRICE** decrease

**QUANTITY** increase

**REASON:** change in information

**3. A frost kills a large part of the broccoli crop. How will this affect the market for cauliflower?**

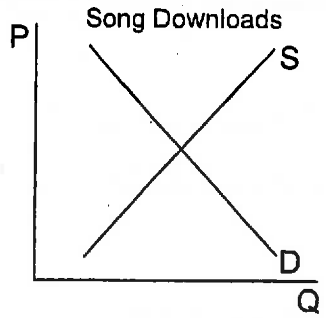



**PRICE** increase

**QUANTITY** decrease

**REASON:** change in substitute

4. **The price of iPods declines substantially. How will this affect the market for songs downloads from itunes.com?**

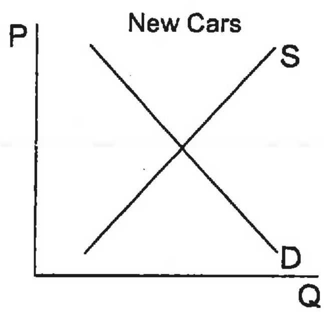



**PRICE** decrease

**QUANTITY** increases

**REASON:**
change in compliment

5. **The United States goes into a depression. How will this affect the market for new cars?**

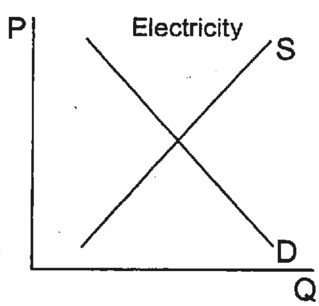



**PRICE** decrease

**QUANTITY** increase

**REASON:**
change of income

6. **The government decides nuclear power is too dangerous and closes all nuclear power plants that are generating electricity. How will this affect the market for electricity?**

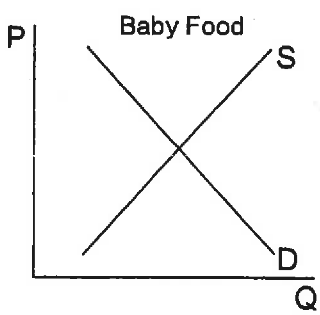



**PRICE** increase

**QUANTITY** decreases

**REASON:**
government / change in # of suppliers

7. **If fewer babies are born in the next five years, how will the baby food market be affected?**




**PRICE** decreases

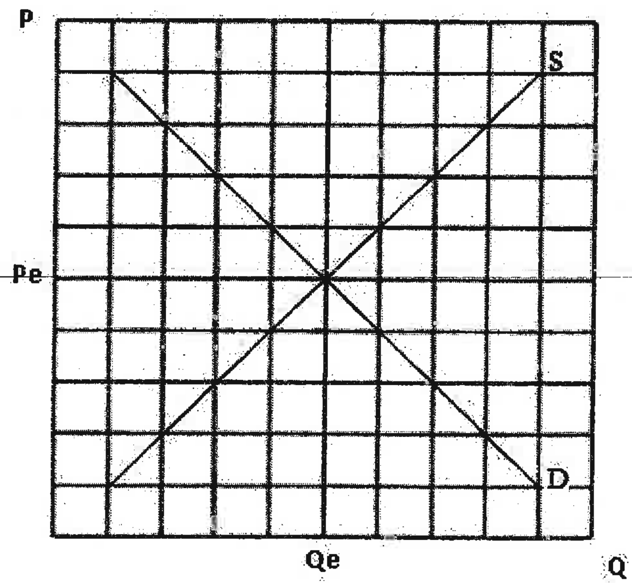
**QUANTITY** increases

**REASON:**
change of population

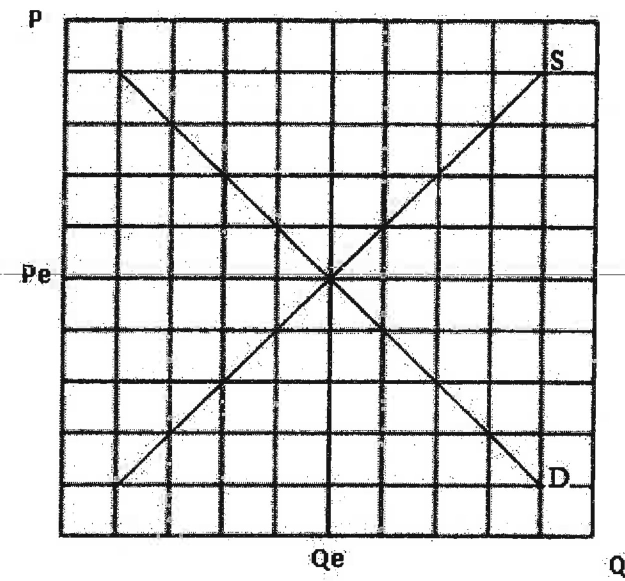
Name: ______________________________ Class Period: _____ Date: _______________

**Supply and Demand Shift Worksheet 6.17.1**

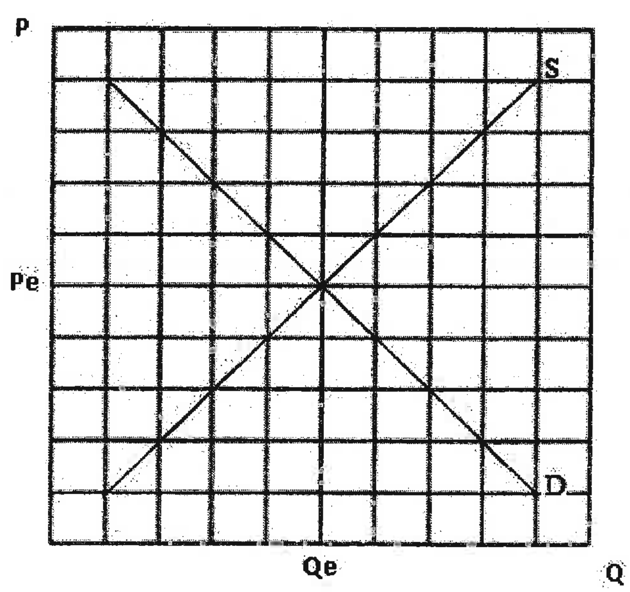
1. Identify the equilbirum price and quantity before any change.
2. Then, based on the given scenario, move the correct curve, supply or demand, to create the new equilibrium price and equilibrium quantity. Draw the new curve on the graph.
3. Identify the new equilibrium price and equilibrium quantity as Pe1 and Qe1.
4. Hint: each scenario moves only one of the curves.



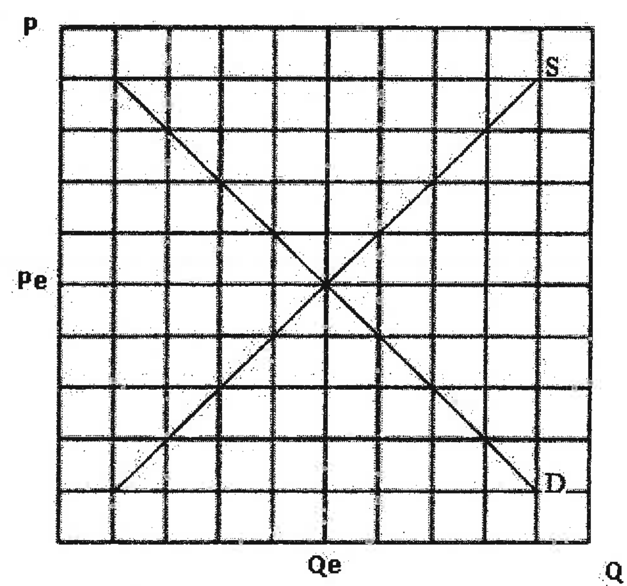

1. The average income in the United States has declined by 3% over the past year. What effect will this have on the market for thingamajigs?




2. The local widget factory closed after being in business for 40 years. What effect will this have on the market for widgets?




3. A new fast food restaurant opens in your town. How will this effect the market for fast food?




4. A new video game system is released. How will this effect the market for video games?

Name: ______________________________ Date: ________________

Economics in the Headlines

**Process:**

Read the summary below of an article from MSNBC news, keeping in mind the factors that will change demand or supply for a product. Then answer the questions below.

"McDonald's Uses Dolls to Woo Girls" (summary of MSNBC news online report)

For three weeks in April 2002, McDonald's Corporation incorporated miniature Madame Alexander dolls as toys in the Happy Meals sold to girls. Madame Alexander dolls are collected internationally and are known for their high quality.

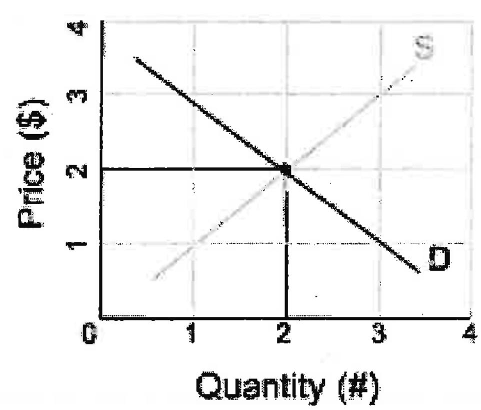
The Director of Marketing for McDonald's explained that while young boys and girls eat at McDonald's in comparable numbers, by the ages of 11-12, girls become more weight-conscious and make different food choices, which tend to continue into adulthood. McDonald's hoped that by introducing the dolls, more girls would be enticed to eat at McDonald's, increasing the company's customer base long into the future.

1. Is McDonald's attempting to change the demand for or the supply of Happy Meals? Is McDonald's trying to increase it or decrease it?

______________________________________________________________

______________________________________________________________

2. Use the supply and demand curves provided to illustrate the change McDonald's is trying to make.




3. If McDonald's is successful in making this change to attract and keep female customers in the long run, what do you expect to happen to the quantity of Happy Meals produced? What do you think will eventually happen to the price?

______________________________________________________________

______________________________________________________________

______________________________________________________________

Again, read the summary below of an article from MSNBC news, keeping in mind the factors that will change demand or supply for a product. Then answer the questions below.

"Iran Urges Oil Embargo" (summary of CNN news online report)

In early April 2002, Iranian leader Ayatolla Ali Khamenei called on leaders of OPEC nations to place a one-month embargo on oil sold to Western nations. Khamenei said that by cutting off oil, the US and other Western nations would be punished for their support of Israel in the Israeli-Palestinian conflict. Iran is the second-largest producer of oil in the Middle East, and an oil embargo similar to the one OPEC carried out in 1973 could have serious ramifications for economies around the globe.

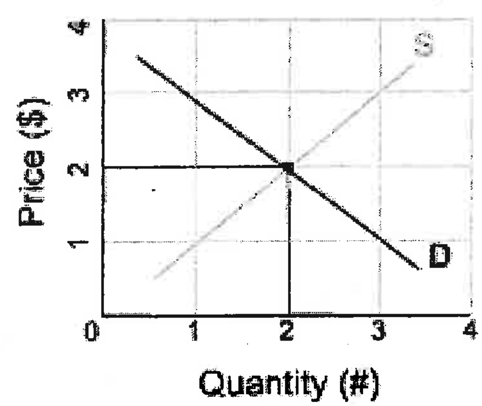
1. Is Iran attempting to change the demand for or the supply of oil in Western nations? Is Iran trying to increase it or decrease it?

______________________________________________

______________________________________________

______________________________________________

2. Use the supply and demand curves provided to illustrate the change Iran is trying to make.




3. If Iran is successful in convincing oil-producing nations to cut off the supply of oil to Western nations, what do you expect to happen to the quantity of oil available in those nations? What do you think will happen to the price?

______________________________________________

______________________________________________

______________________________________________

Title of Article: ______________________________

Date of Article: ______________________________

Author of Article: ______________________________

URL of Article: ______________________________

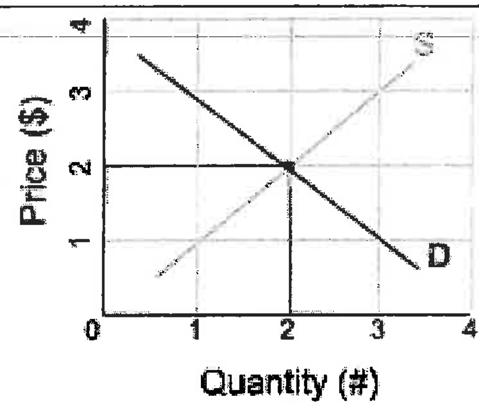
1. Does the article discuss a change in the demand for or the supply of the product? Will demand or supply increase or decrease?

______________________________

______________________________

______________________________

2. Use the supply and demand curves provided to illustrate the change.




3. When this change occurs, what do you expect to happen to the quantity produced? What do you think will happen to the price?

______________________________

______________________________

______________________________

**Evaluation Activity:**

Title of Article: ______________________________

Date of Article: ______________________________

Author of Article: ______________________________

URL of Article: ______________________________

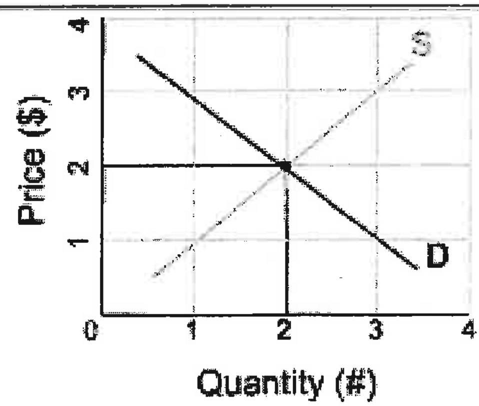
1. Does the article discuss a change in the demand for or the supply of the product? Will demand or supply increase or decrease?

______________________________

______________________________

______________________________

2. Use the supply and demand curves provided to illustrate the change.




3. When this change occurs, what do you expect to happen to the quantity produced? What do you think will happen to the price?

______________________________

______________________________

______________________________

# *USING SUPPLY AND DEMAND TO MAKE DECISIONS* 3.7

Name ______________________

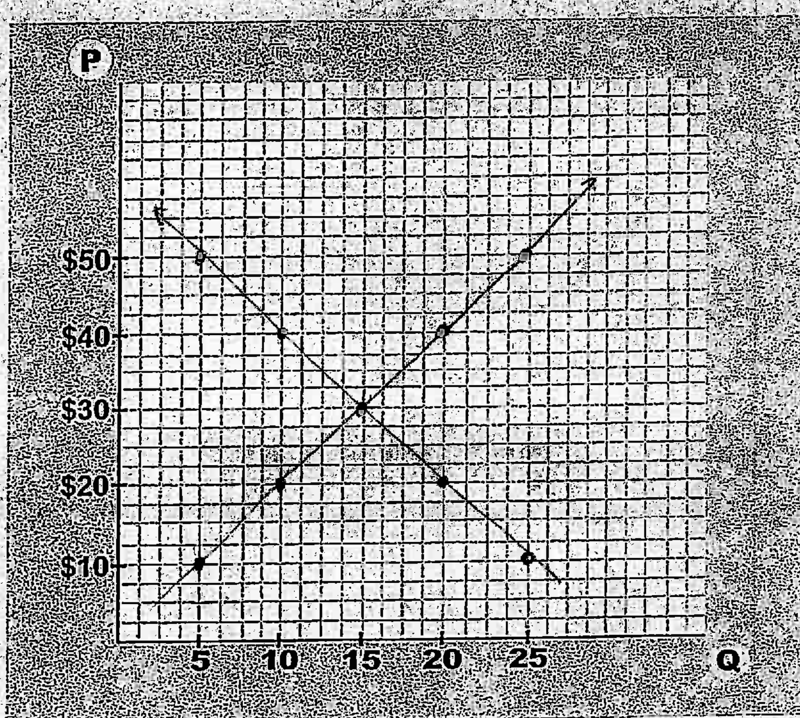
Date/Period ______________________

## *Student Activity*

**Part One: Graphing Supply and Demand**

Directions: In the previous sessions, you have graphed demand curves and supply curves separately. Today you are going to graph them together. From the data provided in the supply and demand schedule, graph the supply and demand curves. Then answer the questions that follow.

| Price | Quantity Supplied | Quantity Demanded |
|---|---|---|
| $10 | 5 | 25 |
| $20 | 10 | 20 |
| $30 | 15 | 15 |
| $40 | 20 | 10 |
| $50 | 25 | 5 |




1) What is the equilibrium price?
$30

2) What is the equilibrium quantity?
15

3) If the supplier charged $10 for the good, would there be a shortage or a surplus?
Shortage

4) How large would the shortage or surplus be?
20

5) If the supplier charged $40 for the good, would there be a shortage or a surplus?
Surplus

6) How large would the shortage or surplus be?
10

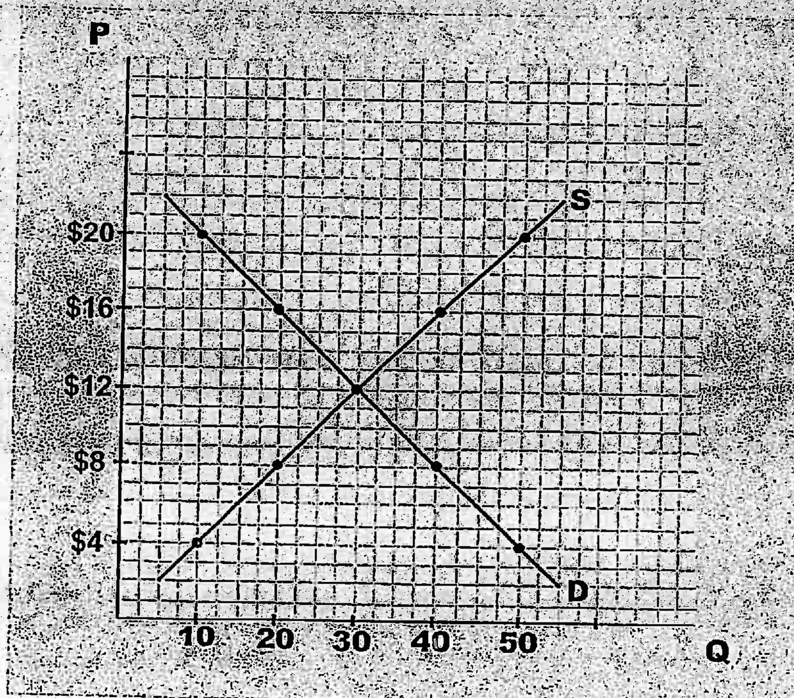
Name ______________________

Date/Period ______________________

## *Student Activity*

**Part Two: Interpreting a Supply and Demand Graph**

Directions: Study the supply and demand graph and fill in the supply and demand schedule provided. Then answer the questions that follow.




| Price | Quantity Supplied | Quantity Demanded |
|---|---|---|
| $4 | 10 | 50 |
| $8 | 20 | 40 |
| $12 | 30 | 30 |
| $16 | 40 | 20 |
| $20 | 50 | 10 |

# USING SUPPLY AND DEMAND TO MAKE DECISIONS



1) What is the equilibrium price? $12

2) What is the equilibrium quantity? 30

3) If the supplier charged $8 for the good, would there be a shortage or a surplus?
shortage

4) How large would the shortage or surplus be? 20

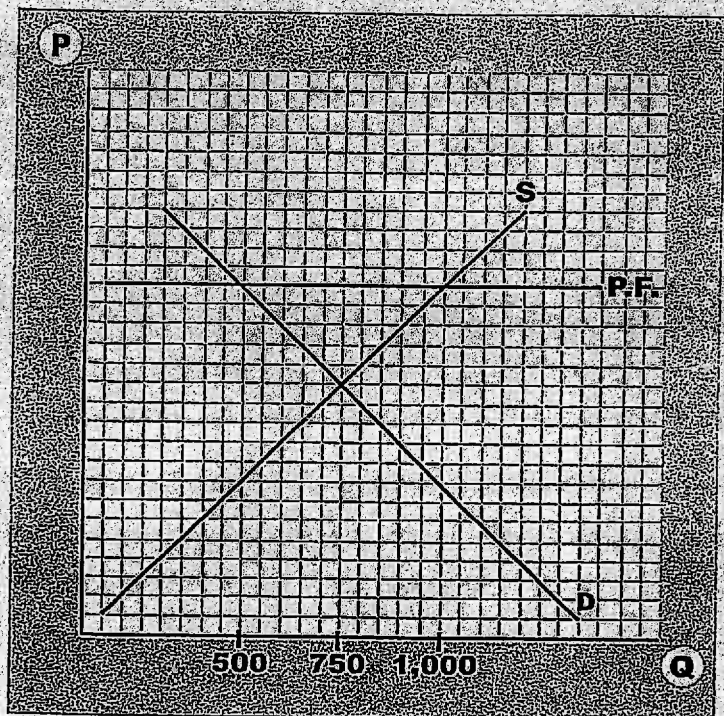
5) If the supplier charged $20 for the good, would there be a shortage or a surplus?
surplus

6) How large would the shortage or surplus be? 40

Name ____________________

Date/Period ____________________

# *Workbook Activity*



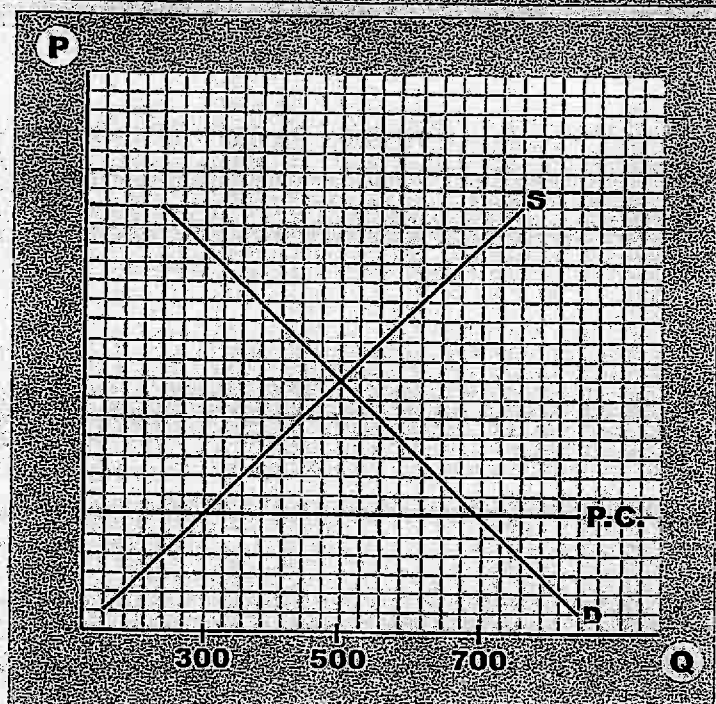

**Part One: Computing Surpluses and Shortages**

Directions: There are two supply and demand graphs provided. The first graph illustrates a price floor and the second graph illustrates a price ceiling. First, determine if the graph represents a surplus or shortage. Then calculate the amount of the surplus or shortage.

*1)* Price Floor

Surplus or Shortage? __________

How much?




*2)* Price Ceiling

Surplus or Shortage? __________

How much?

# USING SUPPLY AND DEMAND TO MAKE DECISIONS

# 3.8

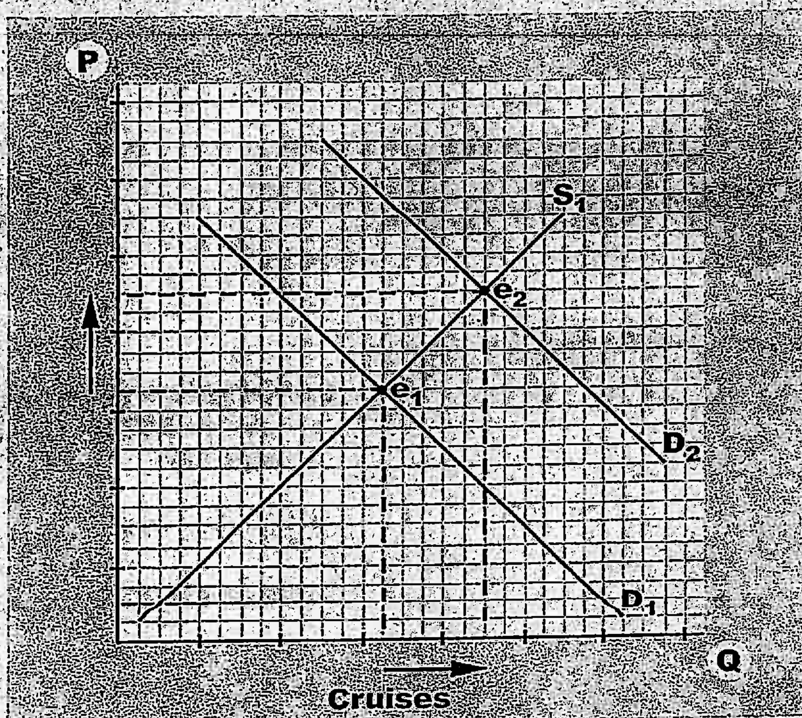
Name ______________________

Date/Period ______________________

## *Student Activity*

**Part One: Interpreting Shifts in Supply and Demand**

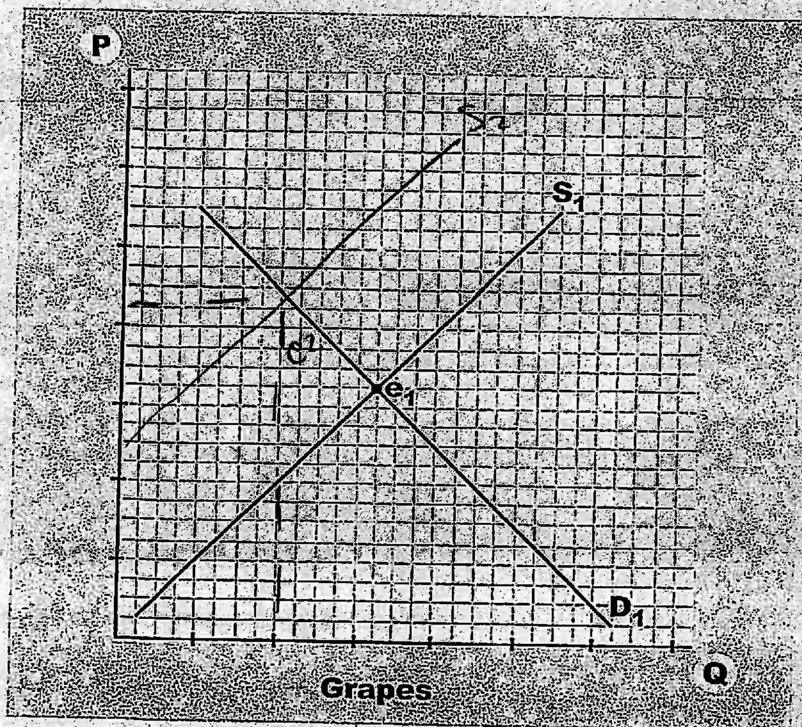
Directions: There are supply and demand graphs for several different markets provided with an event that will cause a shift in **either** the demand curve or the supply curve. Draw a new supply or demand curve indicating either an increase or decrease in the appropriate curve. Then determine whether the equilibrium price and quantity will increase or decrease. The first one has been done for you.




1) Baby boomers start to retire.

Equilibrium Price: **increase**

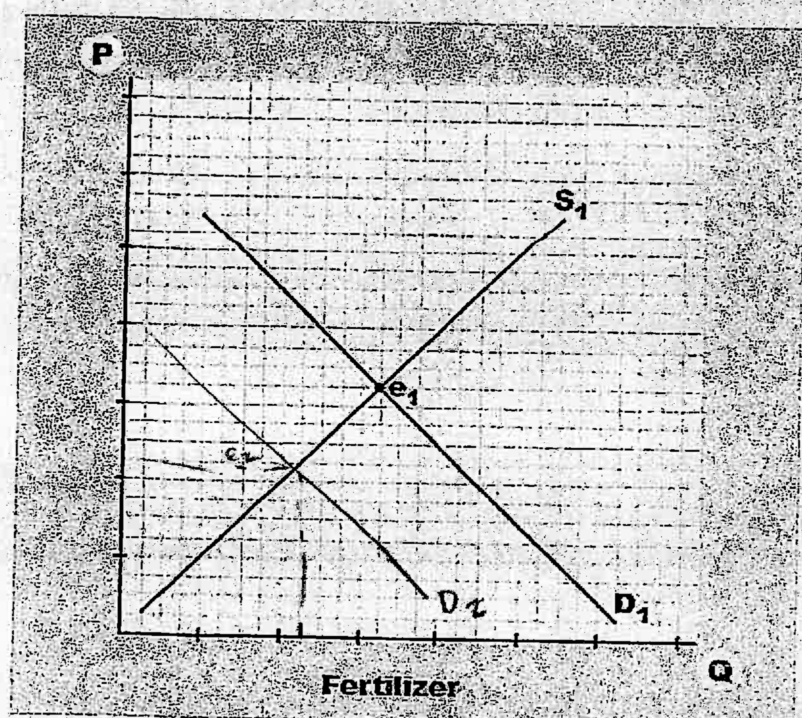
Equilibrium Quantity: **increase**




2) U.S. government bans imports of Chilean grapes.

Equilibrium Price increase

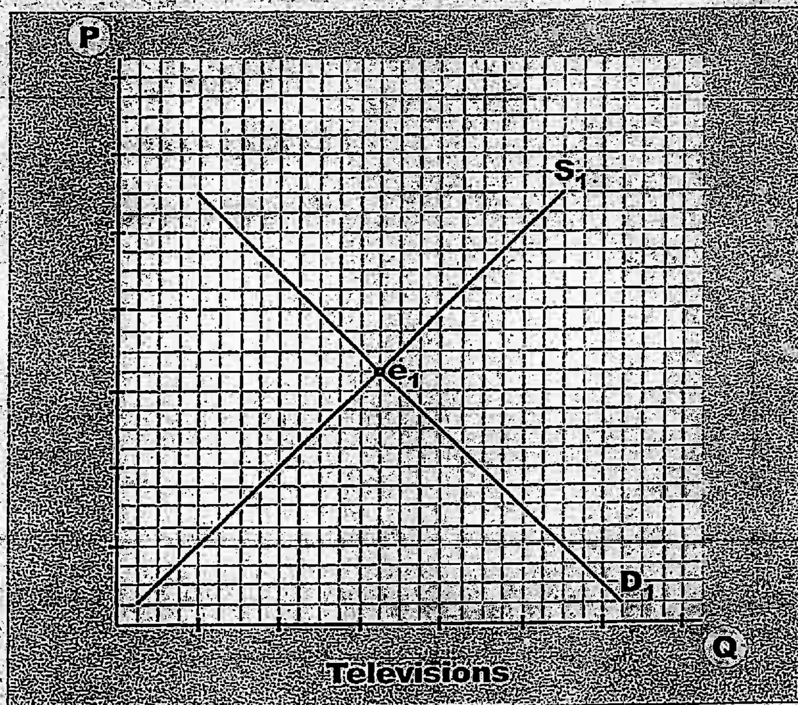
Equilibrium Quantity decrease




3) Scientists determine fertilizers and pesticides cause health problems.

Equilibrium Price ______________

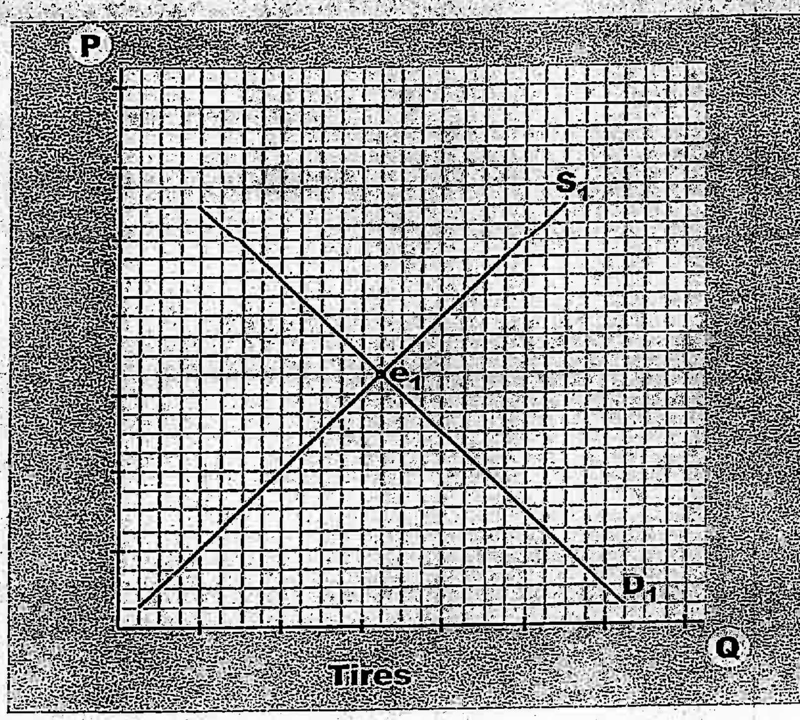
Equilibrium Quantity ____________




4) New technology allows for less expensive production of televisions.

Equilibrium Price ____________

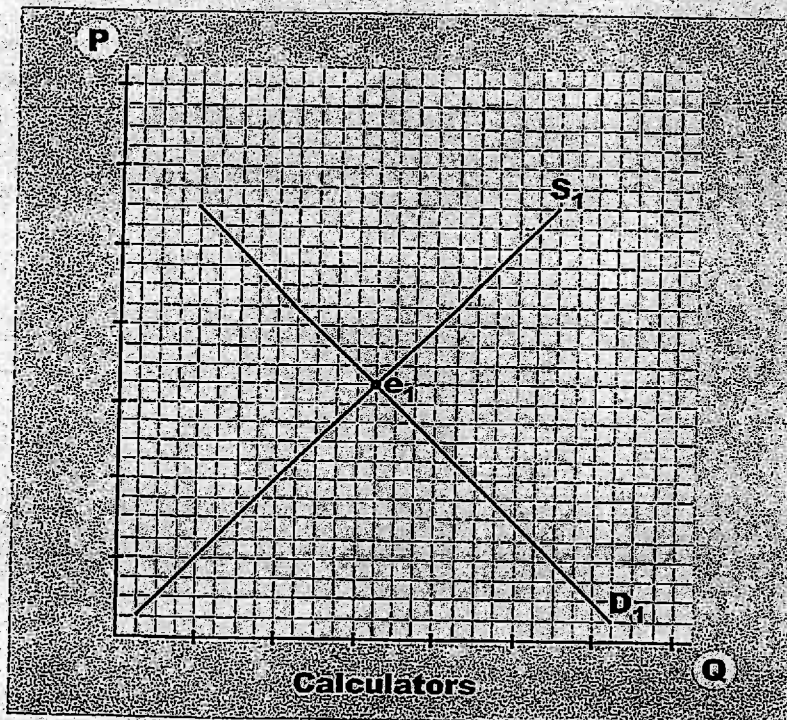
Equilibrium Quantity ____________




5) Government study shows many defects in new tires.

Equilibrium Price ____________

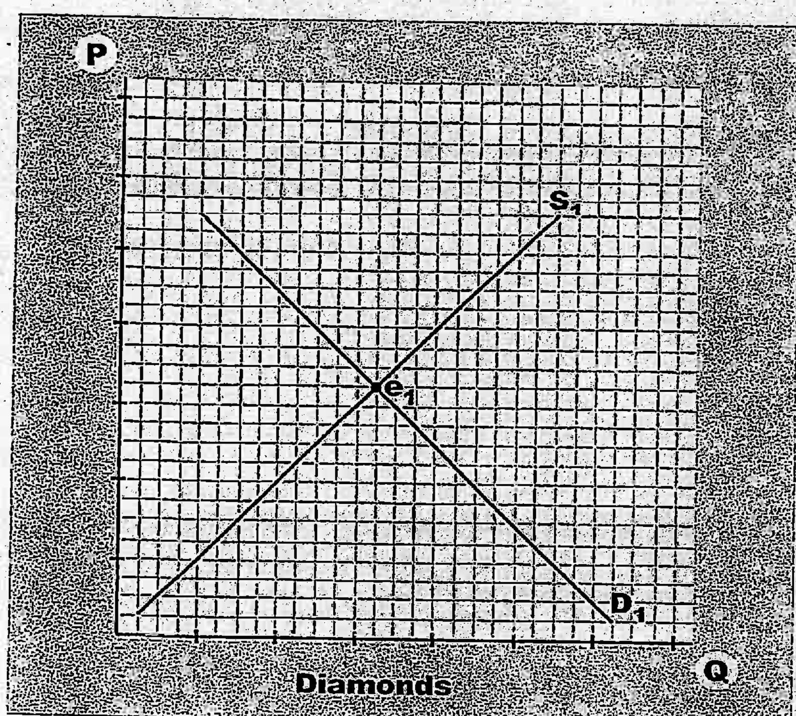
Equilibrium Quantity ____________




6) Two major electronics producers go out of business.

Equilibrium Price ____________

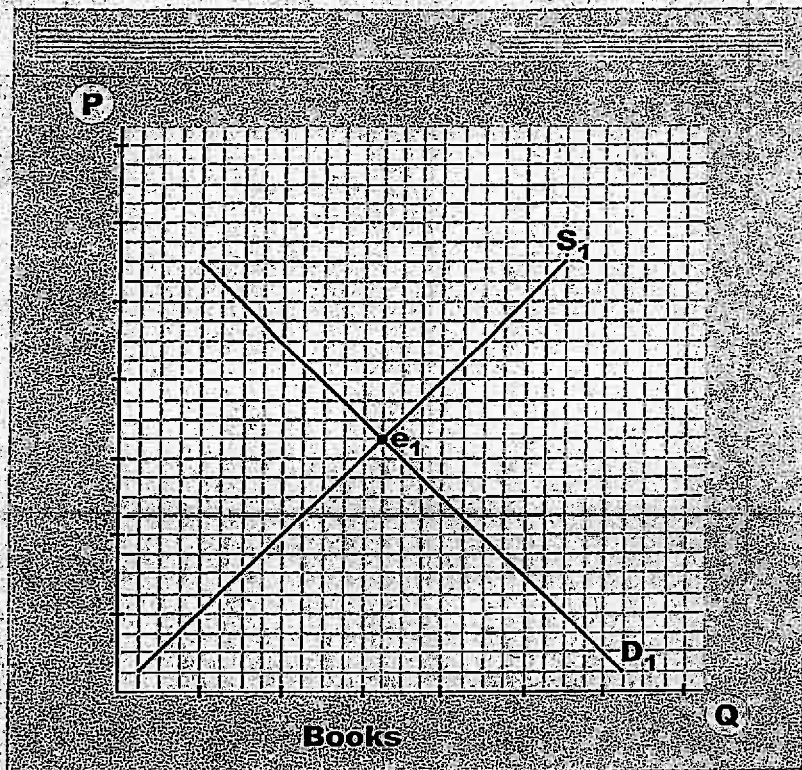
Equilibrium Quantity ____________




7) New diamond mines found in South America.

Equilibrium Price ____________

Equilibrium Quantity ____________




8). New study indicates daily reading expands lifetime earnings by 50%.

Equilibrium Price ____________

Equilibrium Quantity ____________