

### **Week #3 Worksheet – Markets ~ Graphs of Shifts**

*For questions 1-5 tell whether there is: an increase in quantity demanded; a decrease in quantity demanded; an increase in demand; a decrease in demand*

1. An increase in consumer income will result in \_\_\_\_\_ for a normal good.
2. If Coke is now priced higher than Pepsi, there would be \_\_\_\_\_ for Coke and \_\_\_\_\_ for Pepsi.
3. If consumers expect the price of bananas to go down next week, then there will be \_\_\_\_\_ for bananas this week. If the price of bananas goes down today, then there would be \_\_\_\_\_ for bananas today.
4. Due to the popularity of iPhones, there has been \_\_\_\_\_ for this product.
5. A price war in the computer industry has decreased the price of PC's. This has led to \_\_\_\_\_ for PC's and a \_\_\_\_\_ for CD-R discs.

*For questions 6-10 tell whether there is: an increase in quantity supplied; a decrease in quantity supplied; an increase in supply; a decrease in supply.*

6. Advances in robotic technology can result in \_\_\_\_\_ of automobiles.
7. A textile manufacturer can use its inputs to make towels or terry cloth bath robes. If it becomes more profitable to make towels because of an increase in the price of towels, then there would be \_\_\_\_\_ of towels and \_\_\_\_\_ of bath robes.
8. The increased number of bagel stores on Hillsborough Street has led to \_\_\_\_\_ of bagels.
9. Poor weather in the Midwest would \_\_\_\_\_ of wheat.
10. A lower price for printers would \_\_\_\_\_ of printers.
11. What happens to demand when prices increase?
12. What happens to supply when prices decrease?
13. Which of the following will NOT shift the current demand curve for a good?
  - A. A change in the expected future price of this good
  - B. A change in the current price of this good
  - C. A change in the price of the substitute good
  - D. A change in consumer income

14. A rightward shift in the demand curve of Dell laptops could be due to which of the following:

- A. HP laptop price decreases
- B. Dell issues coupons for laptops
- C. Dell reduces the prices for laptop mice and printers
- D. None of the above

15. Pumped-Up is a sports drink intended to increase strength and endurance in exercises. Use the table below to answer following questions.

| (millions of gallons of Pumped-Up per year) |                   |                   |
|---|-------------------|-------------------|
| Price per Gallon                            | Quantity Demanded | Quantity Supplied |
| \$5   | 300               | 1000              |
| \$4   | 400               | 800               |
| \$3   | 600               | 600               |
| \$2   | 800               | 400               |
| \$1   | 1000              | 200               |
| \$0   | 1200              | 0                 |

- a) What is its equilibrium price and equilibrium quantity?
- b) At \$5 per gallon, there is \_\_\_\_\_ millions of gallons of \_\_\_\_ (shortage/surplus).
- c) At \$1 per gallon, there is \_\_\_\_\_ millions of gallons of \_\_\_\_ (shortage/surplus).

16. According to the change in the factor affecting supply or demand, fill in the blanks in the table by "I" for increase, "D" for decrease, "N" for no change, "U" for uncertain.

| Factor                       | Demand | Supply | Equilibrium Price | Equilibrium Q. |
|------------------------------|--------|--------|-------------------|----------------|
| Price of a complement rises  | ___    | ___    | ___               | ___            |
| Technology advances          | ___    | ___    | ___               | ___            |
| Less sellers and less buyers | ___    | ___    | ___               | ___            |

17. Assume the market for coffee starts in equilibrium—draw a graph and determine whether the following events will increase/decrease equilibrium price & quantity in the coffee market

- a) A disease in coffee plants kills off much of the Brazilian crop.
- b) The price of tea declines.

18. The following table shows the data for rental apartments in Columbus, Ohio:

| Monthly Rent | Quantity Demanded | Quantity Supplied |
|--------------|-------------------|-------------------|
| \$800        | 30                | 10                |
| \$1000       | 25                | 14                |
| \$1200       | 22                | 17                |
| \$1400       | 19                | 19                |
| \$1800       | 15                | 22                |

a) What is the equilibrium price for apartments?

b) Suppose a tornado destroys a significant amount of apartment buildings in Columbus but has no effect on peoples' desire to live there. If the market was in equilibrium prior to the tornado, what would be the effect on equilibrium price and quantity after the tornado? (Draw a graph)