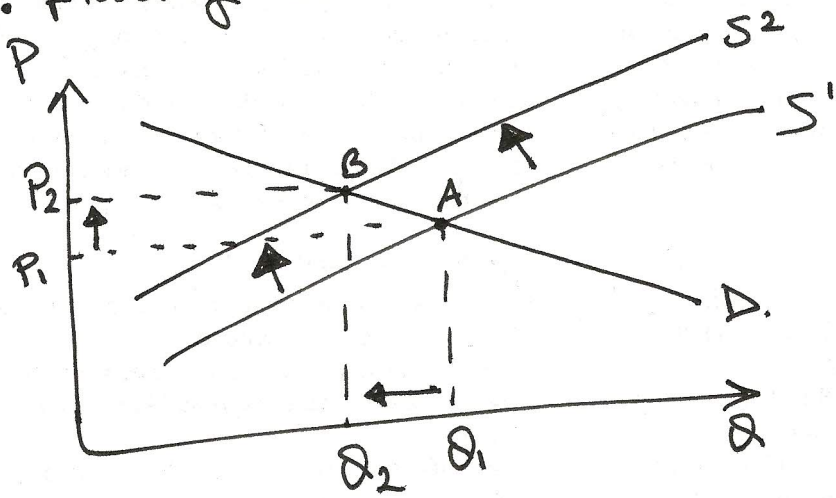
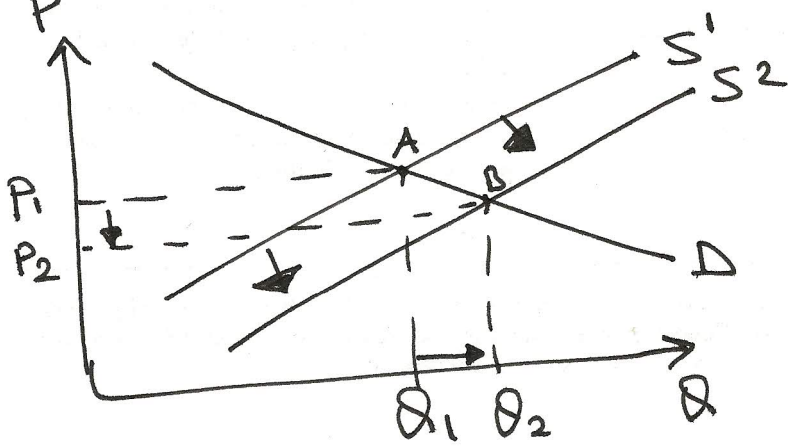


1) flooding causes a decrease in supply

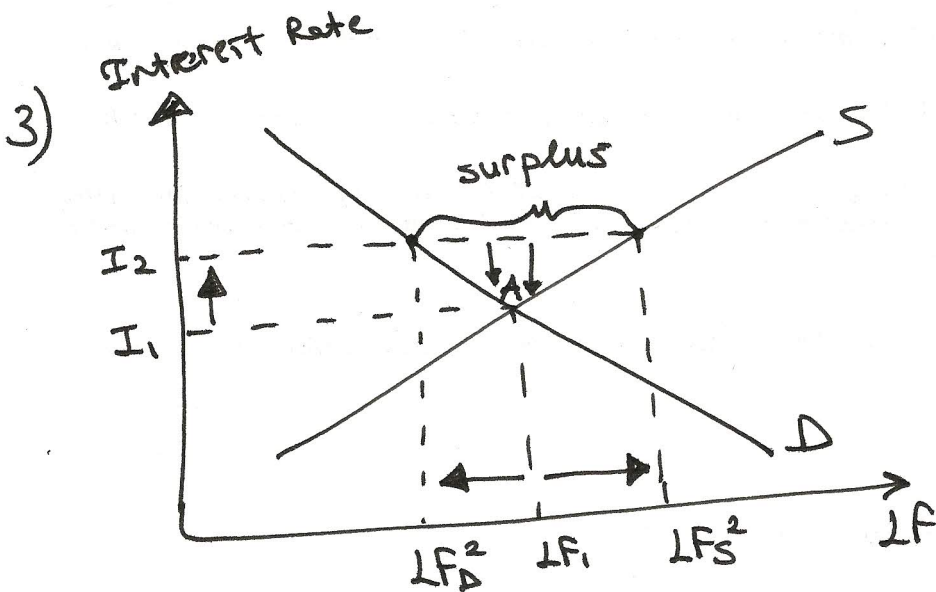


$\therefore B$

2) Tech. improvement  $\rightarrow$  increase in supply

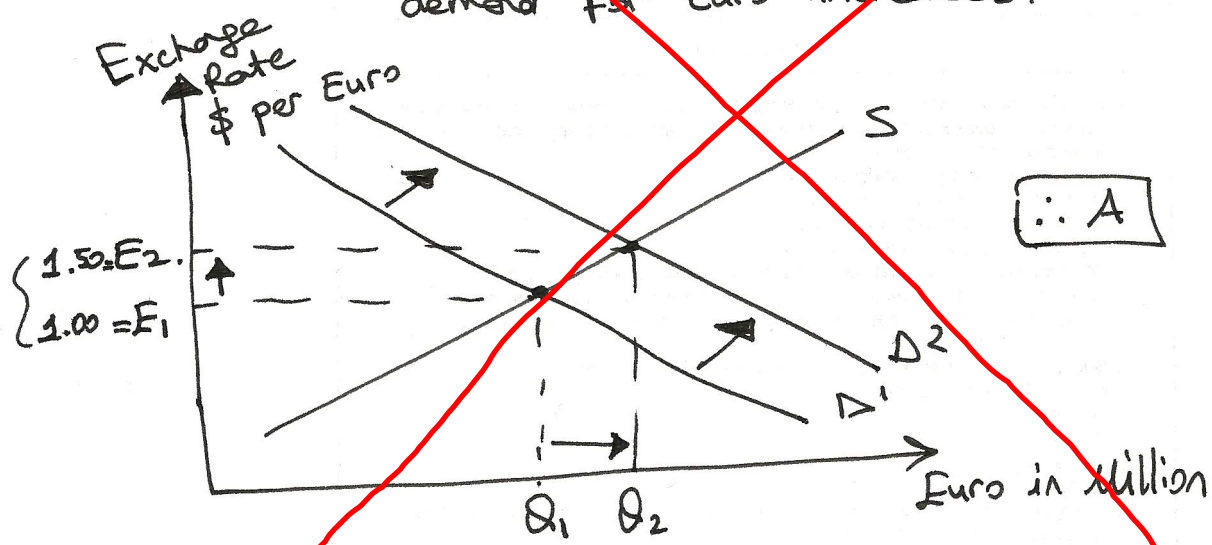


$\therefore D$



- there is a surplus initially
- Then the interest rate eventually falls back to eq.
- Remember the market converges to eq. point if it is deregulated.

Prices of goods in Euro fall  
 ↓  
 Non-Euro countries will demand more Euro goods and therefore will demand more Euros.  
 ↓  
 demand for Euro increases.

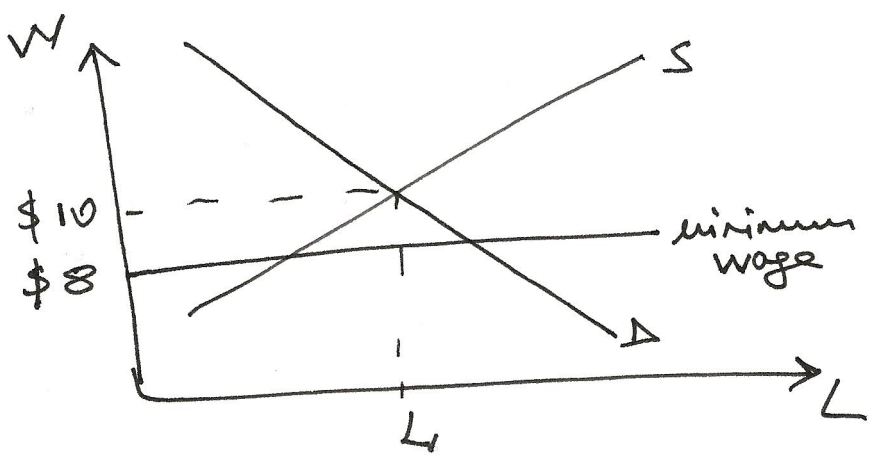


∴ A

- So Euro is more valuable since  $E_2 > E_1$   
 ↓  
 ↳ Euro appreciates

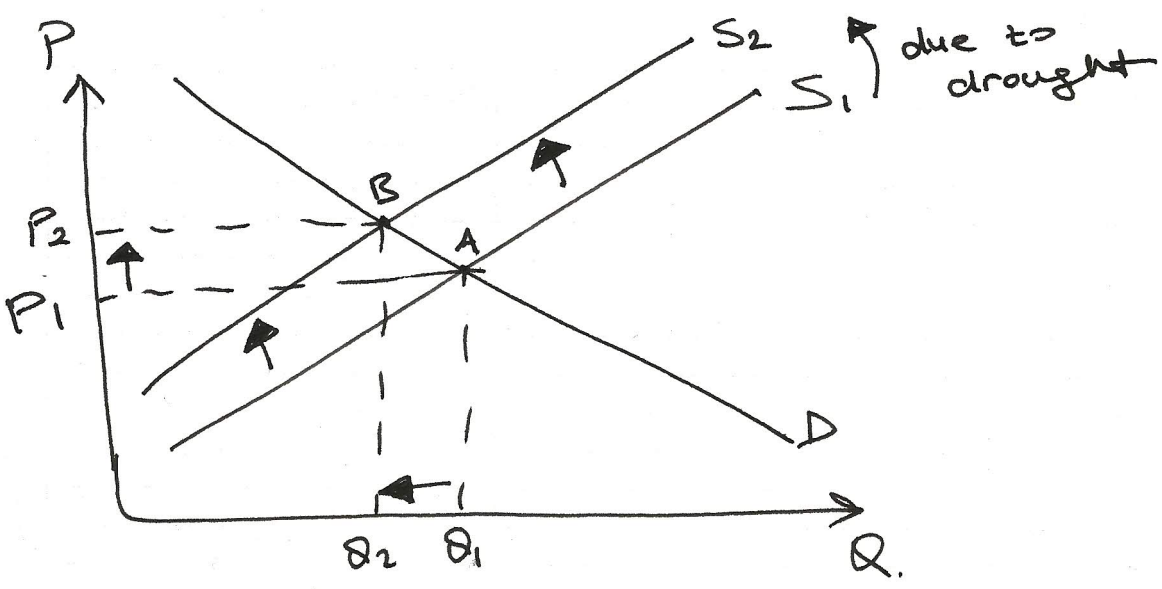
- If we assume that the budget deficit of European Countries are in terms of \$, the deficit decreases since Euro zone countries can pay the debt with value increased Euro.

4)



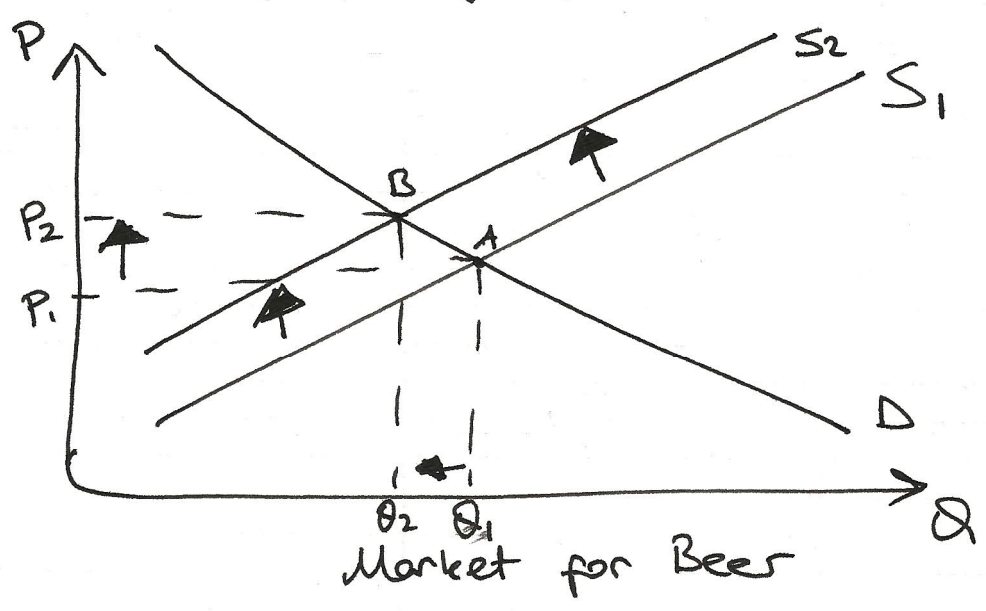
∴ I

5



Market for Hops and Barley.

! => So Price of hops and barley ↑



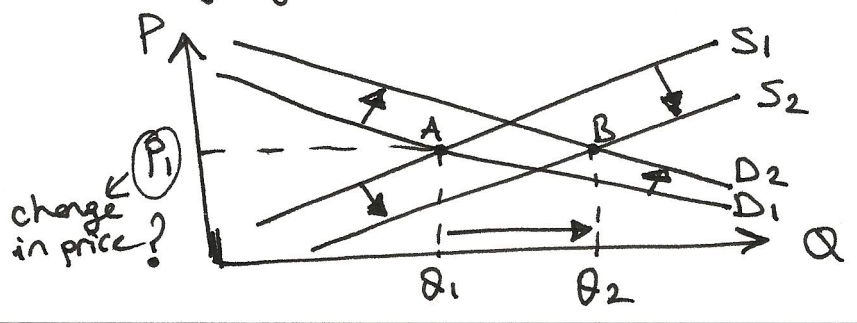
Market for Beer

↓ this will cause a decrease in supply of beer since hops and barley are inputs for beer!

∴ B

6) Check Worksheet solutions file.

7 Study => increase in demand  
Large yield => increase in supply

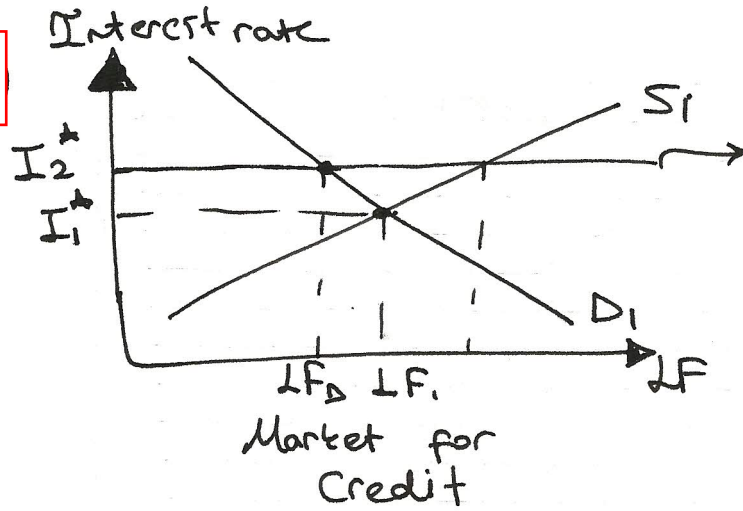


change in price? (P1)

∴ G

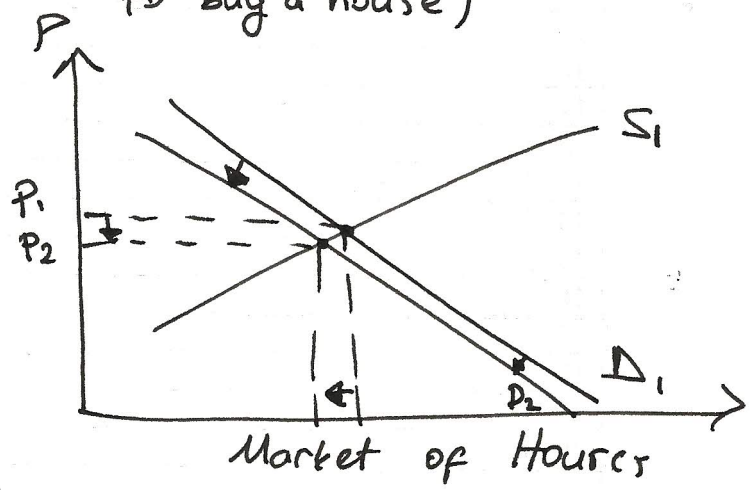
Note: change in Price is ambiguous  
\* Try to shift demand higher to see what I mean.

8



an increase in interest rate decreases the demand of loanable funds.

↳ this cause less demand for houses (assuming individuals borrow money to buy a house)



∴ C

9

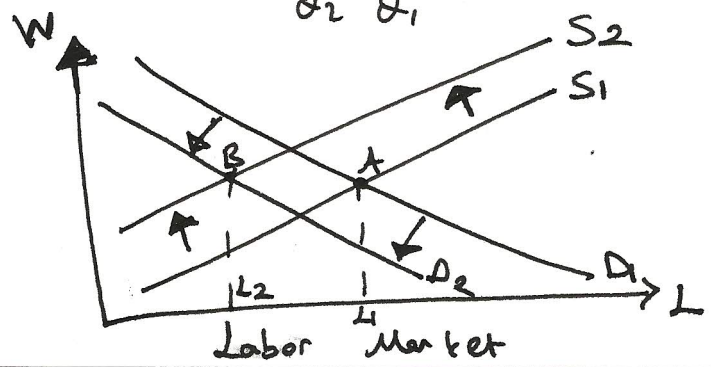
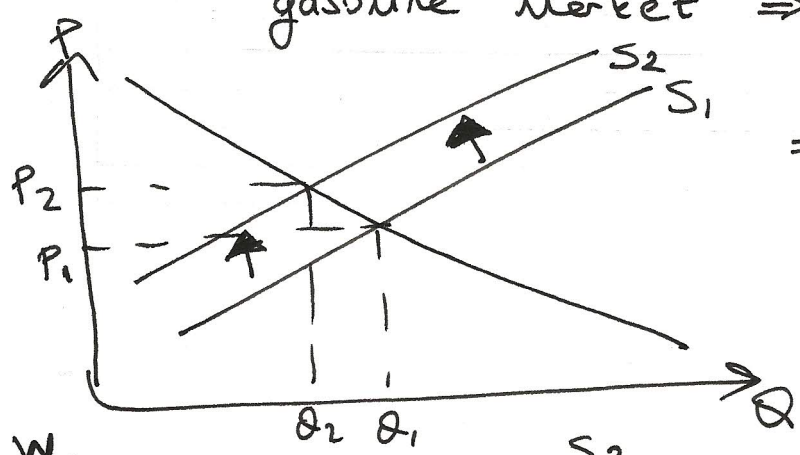
Crude oil prices ↑ ⇒ increase in quantity supplied of (crude oil) (i)

↓ since crude oil is an input for gasoline, the supply will decrease in (ii) ⇒ which will cause higher price and lower quantity for gasoline

⇒ which means the operations of this company decrease

⇒ which means the capital maintenance projects decrease and decreases demand for labor

⇒ Since the bonuses increase in Louisiana, workers will go to Louisiana and the labor supply in ~~Texas~~ Texas will decrease



∴ H