

# Equilibrium Worksheet 2

Name: \_\_\_\_\_ Date: \_\_\_\_\_ Block: \_\_\_\_\_

**Directions:** Read each paragraph. Decide if supply and/or demand will change. If there is a shift in supply and/or demand, write what determinant caused this shift. Then, draw, graph, and label each axis. Start each graph with a supply and demand line, and label  $S_1$ ,  $D_1$ ,  $P_{eq1}$ , and  $Q_{eq1}$ . Illustrate each of the following situations and write what happened to Price Equilibrium (Increase, Decrease, or Indeterminate) and Quantity Equilibrium (Increase, Decrease, or Indeterminate). As necessary, label  $S_2$ ,  $D_2$ ,  $P_{eq2}$ , and/or  $Q_{eq2}$  and use arrows to show shifts.

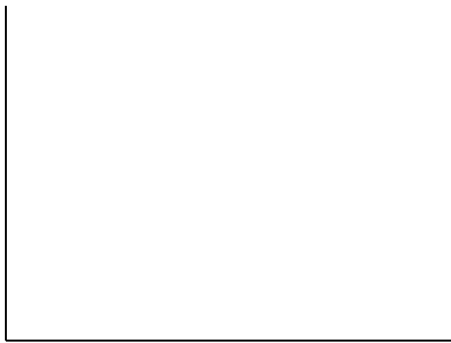
- 1) Apple announces the release of the highly-anticipated iPhone 6, which is supposed to be the most advanced and user-friendly Smart Phone yet. On the day of its release, however, several shipments are lost at sea due to poor weather. (iPhone 6)

Change in Demand?  
Determinant:

Change in  $P_{eq}$ :

Change in Supply?  
Determinant:

Change in  $Q_{eq}$ :



- 2) The government gives Lipton Tea a subsidy. New research shows that coffee is harmful to one's health. (Tea)

Change in Demand?  
Determinant:

Change in  $P_{eq}$ :

Change in Supply?  
Determinant:

Change in  $Q_{eq}$ :



- 3) Due to new equipment in manufacturing facilities, Blu-ray companies are now able to make a Blu-ray twice as fast. DVD and VHS players are becoming less popular. (Blu-ray movies)

Change in Demand?  
Determinant:

Change in  $P_{eq}$ :

Change in Supply?  
Determinant:

Change in  $Q_{eq}$ :

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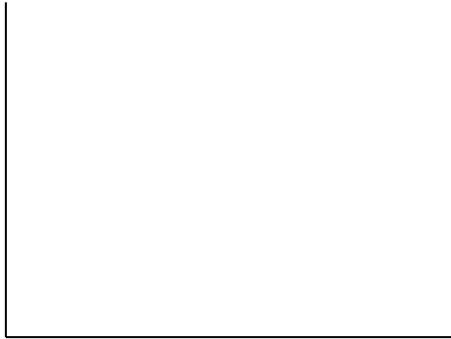
- 4) Popular athletes are sponsoring Levi's jeans in commercials and magazines. The cost of denim, the material used to make jeans, has dramatically increased. (Levi's jeans)

Change in Demand?  
Determinant:

Change in  $P_{eq}$ :

Change in Supply?  
Determinant:

Change in  $Q_{eq}$ :



- 5) Bonus: Pharmaceutical companies have uncovered new scientific data that assists them in producing heart medicine more easily, thus making it cheaper for the consumer. (Heart medicine)

Change in Demand?  
Determinant:

Change in  $P_{eq}$ :

Change in Supply?  
Determinant:

Change in  $Q_{eq}$ :

