

Equilibrium Worksheet #3

Name: _____ Date: _____ Block: _____

Directions: Draw a Supply and Demand graph for the good in parentheses for each question. Label the original equilibrium price (P_{eq}) and equilibrium quantity (Q_{eq}). Then, read each scenario. Decide how supply and/or demand will change. Illustrate any shifts in supply or demand on the graph. Label your new P_{eq} and Q_{eq} . Next to each graph, write: 1) If demand increases/decreases/stays the same, 2) The determinant of demand (if applicable), 3) If supply increases/decreases/stays the same, 4) The determinant of supply (if applicable), 5) If the new P_{eq} increases/decreases/is indeterminate, and 6) If the new Q_{eq} increases/decreases/is indeterminate.

1) The government has placed a tax on restaurants serving foods high trans fat and saturated fat. People have found out that foods high in trans fat and saturated fat are harmful to one's health (fast food).

2) A popular celebrity is endorsing a new brand of athletic shoes. Athletic shoemakers learn that they could make more money if they switched their production to making dress shoes (athletic shoes).

3) Chicken has become drastically cheaper than beef at the supermarket. Meanwhile, beef producers have been given a subsidy to assist them with raising cattle (beef).

4) Local toy factories in Minnesota have invested in new equipment to mass-produce their products. Minnesota residents start leaving the state to move to other parts of the country (Minnesota toys).

5) The Halloween season is approaching (costumes).

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6) The price of televisions is supposed to rise in the next few months. A natural disaster has halted the transportation of any electronics to stores (televisions).

7) Shows like Ace of Cakes and Cake Boss has inspired cake makers to enter the cake making industry. More people are employed.

8) The price of leather has increased. Leather products are considered to be in style this fashion season (leather pants).

9) More pharmaceutical companies start making a lifesaving heart medicine (lifesaving heart medicine).

10) Peanut butter has increased in price. Jelly makers start switching their production to healthier fruit products because those products can be sold for a higher price (Jelly).

11) The price of paper has increased. More people are reading books on Kindles and iPads (paperback books).