# Price Adjustment

**Name: ___________________________________________ Date: ________________ Block: ______**

**Directions:**

- If a shift in demand and/or supply has taken place, identify the change and list the determinant.
- If a change in price has taken place, identify whether a surplus or a shortage now exists.
- Finally, graph it and label everything (D1, D2, S1, S2, P1, P2, Q1, Q2, shift arrows, etc.), including shortages or surpluses.

1. Joe's shoe shop raises prices from the equilibrium price of $40 a pair to its new price of $60 a pair. (Shoes)

2. A small town of 1,000 people increases its population by 2,000. The grocery store raises its prices to match the new equilibrium price point. (Grocery Store G&S)

3. A new diet fad has resulted in soybeans madness. Graph the new equilibrium price. (Soybeans)

4. The new Justin Bieber CD has come out, and hordes of screaming fan girls line up to grab a copy. The price has been set at $15 a CD, and 7 million CDs are released. The vacant eyed fans are willing to buy 13 million at this price, for reasons no one can fathom. (CDs)

# Price Adjustment

**Name: ____________________________________________ Date: ________________ Block: ______**

5. PK Burgers has reached market equilibrium between how many burritos to produce versus how many burritos people will eat.  What happens to the price if one of their grills stops functioning? (PK Burger’s Burritos)

6. The government gives farmers a subsidy to produce more dairy products, such as milk.  The price of cereal has increased dramatically.  (Milk)

7. Consumer income has risen.  Companies that make televisions have invested in better technology to make televisions more efficiently.  (Televisions)