

NAME(S) _____

PRINCIPLES OF MACROECONOMICS

Economics 105 / Section 4 / Binder

ASSIGNMENT #3: SUPPLY & DEMAND

Due, with Weekly Work Record, on Tuesday, Oct. 2

1. Graph the following scenarios in the market for minivans. Identify the shifter, shift and change in price and quantity.

Example: People decide to have more children.

Shifter _____

Shift _____

Change in quantity _____

Change in price _____

A. A strike by steelworkers raises steel prices.

Shifter _____

Shift _____

Change in quantity _____

Change in price _____

B. Engineers develop new automated machinery for the production of minivans.

Shifter _____

Shift _____

Change in quantity _____

Change in price _____

C. The price of station wagons falls.

Shifter _____

Shift _____

Change in quantity _____

Change in price _____

2. Suppose that the price of Lobo Basketball tickets is determined by market forces. Currently, the demand and supply schedules are as follows:

Price	Quantity demanded	Quantity supplied
\$4	10,000	8,000
8	8,000	8,000
12	6,000	8,000
16	4,000	8,000
20	2,000	8,000

A. Graph the supply and demand curves in the space to the right of the table above.

B. Why is the supply curve vertical? _____

C. The equilibrium price is _____ and the quantity of tickets is _____.

D. The Lobos have an amazing winning streak which increases demand as follows:

Price	Quantity demanded
\$4	12,000
8	10,000
12	8,000
16	6,000
20	4,000

What is the shifter? _____

Illustrate the change by adding to the graph you drew for 2A. above.

The new equilibrium price is _____ .

The quantity of tickets is _____ .