

Name \_\_\_\_\_

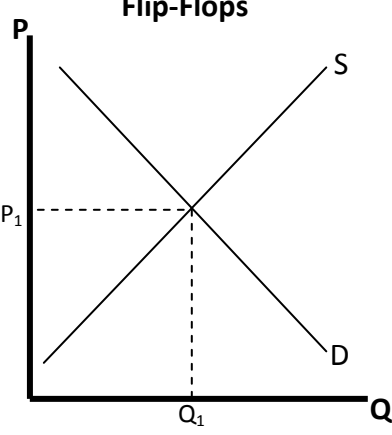
**Economics**

**Unit 4 – Supply, Demand, & the Role of Price**

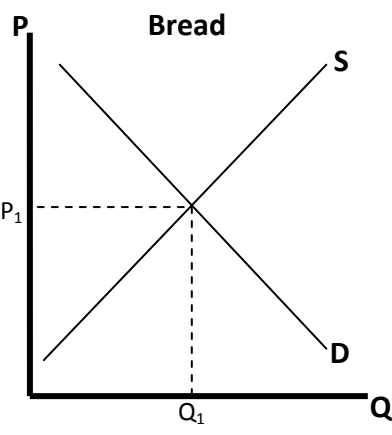
Changes in Market Equilibrium

Assignment: For each scenario below, identify the supply or demand “shifter,” draw the new supply or demand curve on the graph (including the new equilibrium price & quantity), and indicate what will happen to the equilibrium price and equilibrium quantity of the good or service. This assignment is worth 50 points and will count as a Work grade.

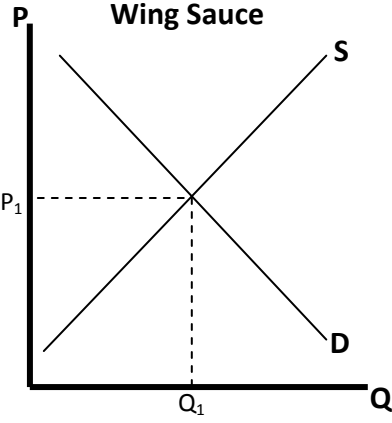
- Several scientific studies discover a link between the wearing of flip-flops and an increased likelihood of foot and ankle problems. Many consumers, worried about these injuries, decide they would rather wear regular shoes. What will happen in the market for flip-flops?

<b>Supply or Demand “Shifter” (6 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (2 pts)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (2 pts)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
<p style="text-align: center;">Demand Shifters:</p> <input type="checkbox"/> INCOME <input type="checkbox"/> NUMBER OF CONSUMERS <input type="checkbox"/> CONSUMER TASTES & PREFERENCES <input type="checkbox"/> CONSUMER EXPECTATIONS <input type="checkbox"/> PRICE OF SUBSTITUTE GOODS <input type="checkbox"/> PRICE OF COMPLEMENTARY GOODS <p style="text-align: center;">Supply Shifters:</p> <input type="checkbox"/> COST OF INPUTS <input type="checkbox"/> NUMBER OF PRODUCERS <input type="checkbox"/> CONDITIONS DUE TO NATURAL DISASTERS/INTERNATIONAL EVENTS <input type="checkbox"/> TECHNOLOGY <input type="checkbox"/> PRODUCER EXPECTATIONS <input type="checkbox"/> GOVERNMENT POLICY Effect on Demand/Supply Goes <b>UP</b> Goes <b>DOWN</b>	<p><b>Flip-Flops</b></p> 	<p style="text-align: center;">Equilibrium <b>Price</b> goes <b>UP</b> or <b>DOWN</b></p> <p style="text-align: center;">Equilibrium <b>Quantity</b> goes <b>UP</b> or <b>DOWN</b></p>

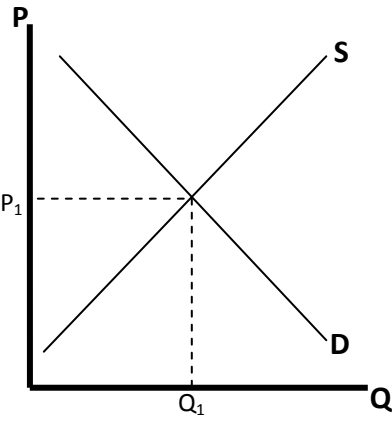
- Mild weather in the Midwest results in a bumper crop of wheat. This drives down the price of flour for bread makers. What will happen in the market for bread?

<b>Supply or Demand “Shifter” (6 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (2 pts)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (2 pts)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
<p style="text-align: center;">Demand Shifters:</p> <input type="checkbox"/> INCOME <input type="checkbox"/> NUMBER OF CONSUMERS <input type="checkbox"/> CONSUMER TASTES & PREFERENCES <input type="checkbox"/> CONSUMER EXPECTATIONS <input type="checkbox"/> PRICE OF SUBSTITUTE GOODS <input type="checkbox"/> PRICE OF COMPLEMENTARY GOODS <p style="text-align: center;">Supply Shifters:</p> <input type="checkbox"/> COST OF INPUTS <input type="checkbox"/> NUMBER OF PRODUCERS <input type="checkbox"/> CONDITIONS DUE TO NATURAL DISASTERS/INTERNATIONAL EVENTS <input type="checkbox"/> TECHNOLOGY <input type="checkbox"/> PRODUCER EXPECTATIONS <input type="checkbox"/> GOVERNMENT POLICY Effect on Demand/Supply Goes <b>UP</b> Goes <b>DOWN</b>	<p><b>Bread</b></p> 	<p style="text-align: center;">Equilibrium <b>Price</b> goes <b>UP</b> or <b>DOWN</b></p> <p style="text-align: center;">Equilibrium <b>Quantity</b> goes <b>UP</b> or <b>DOWN</b></p>

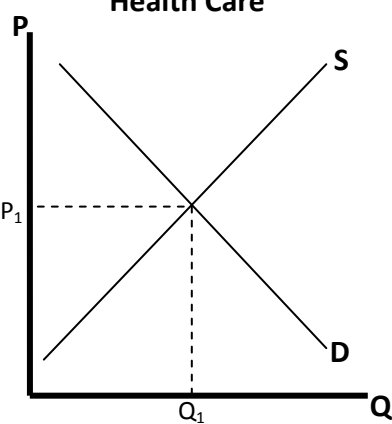
3. Frank's Red Hot makes a Buffalo Wing sauce. Several major grocery store chains put chicken wings on sale for the Super Bowl. What will happen in the market for Frank's Red Hot Buffalo Wing Sauce?

<b>Supply or Demand "Shifter" (6 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (2 pts)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (2 pts)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
Demand Shifters: <input type="checkbox"/> INCOME <input type="checkbox"/> NUMBER OF CONSUMERS <input type="checkbox"/> CONSUMER TASTES & PREFERENCES <input type="checkbox"/> CONSUMER EXPECTATIONS <input type="checkbox"/> PRICE OF SUBSTITUTE GOODS <input type="checkbox"/> PRICE OF COMPLEMENTARY GOODS Supply Shifters: <input type="checkbox"/> COST OF INPUTS <input type="checkbox"/> NUMBER OF PRODUCERS <input type="checkbox"/> CONDITIONS DUE TO NATURAL DISASTERS/INTERNATIONAL EVENTS <input type="checkbox"/> TECHNOLOGY <input type="checkbox"/> PRODUCER EXPECTATIONS <input type="checkbox"/> GOVERNMENT POLICY Effect on Demand/Supply Goes <b>UP</b> Goes <b>DOWN</b>	<p style="text-align: center;"><b>Frank's Red Hot Buffalo Wing Sauce</b></p> 	Equilibrium <b>Price</b> goes <b>UP</b> or <b>DOWN</b>  Equilibrium <b>Quantity</b> goes <b>UP</b> or <b>DOWN</b>

4. Apple develops a tablet computer (the iPad) that immediately becomes popular with consumers. As a result, many other technology companies develop their own versions of tablet computers that use the Android operating system. What will happen in the market for tablet computers?

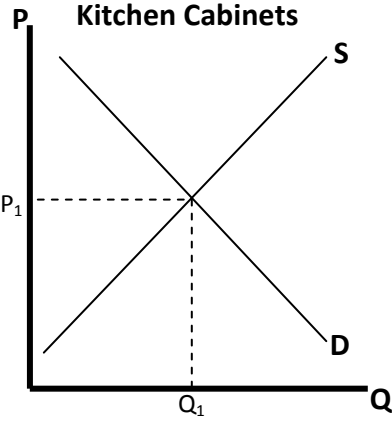
<b>Supply or Demand "Shifter" (6 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (2 pts)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (2 pts)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
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5. The federal government decides to increase the number of people having health insurance by passing a law requiring them to purchase health insurance or pay a penalty. This is estimated to add an over 10 million new people to the health care market. What will happen in the market for health care?

<b>Supply or Demand "Shifter" (6 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (2 pts)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (2 pts)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
<p style="text-align: center;">Demand Shifters:</p> <input type="checkbox"/> INCOME <input type="checkbox"/> NUMBER OF CONSUMERS <input type="checkbox"/> CONSUMER TASTES & PREFERENCES <input type="checkbox"/> CONSUMER EXPECTATIONS <input type="checkbox"/> PRICE OF SUBSTITUTE GOODS <input type="checkbox"/> PRICE OF COMPLEMENTARY GOODS <p style="text-align: center;">Supply Shifters:</p> <input type="checkbox"/> COST OF INPUTS <input type="checkbox"/> NUMBER OF PRODUCERS <input type="checkbox"/> CONDITIONS DUE TO NATURAL DISASTERS/INTERNATIONAL EVENTS <input type="checkbox"/> TECHNOLOGY <input type="checkbox"/> PRODUCER EXPECTATIONS <input type="checkbox"/> GOVERNMENT POLICY Effect on Demand/Supply Goes <b>UP</b> Goes <b>DOWN</b>	<p><b>Health Care</b></p> 	<p style="text-align: center;">Equilibrium <b>Price</b> goes <b>UP</b> or <b>DOWN</b></p> <p style="text-align: center;">Equilibrium <b>Quantity</b> goes <b>UP</b> or <b>DOWN</b></p>

**Bonus (Extra Credit) – 5 points**

The federal government decides to require all employers with over 50 employees to provide health insurance for all of their employees or pay a penalty. Either way, it will cost more for an employer to provide his/her goods & services. American Woodmark has over 50 employees and will be subject to this new law. What will happen in the market for kitchen cabinets made by American Woodmark?

<b>Supply or Demand "Shifter" (3 pts)</b> Check the box for the supply or demand shifter described in the scenario & circle whether it went UP or DOWN	<b>Graph (1 pt)</b> Draw the new supply or demand curve & show the change to equilibrium price & quantity	<b>Change in Equilibrium (1 pt)</b> Circle what happens to the new equilibrium price & quantity (UP or DOWN)
<p style="text-align: center;">Demand Shifters:</p> <input type="checkbox"/> INCOME <input type="checkbox"/> NUMBER OF CONSUMERS <input type="checkbox"/> CONSUMER TASTES & PREFERENCES <input type="checkbox"/> CONSUMER EXPECTATIONS <input type="checkbox"/> PRICE OF SUBSTITUTE GOODS <input type="checkbox"/> PRICE OF COMPLEMENTARY GOODS <p style="text-align: center;">Supply Shifters:</p> <input type="checkbox"/> COST OF INPUTS <input type="checkbox"/> NUMBER OF PRODUCERS <input type="checkbox"/> CONDITIONS DUE TO NATURAL DISASTERS/INTERNATIONAL EVENTS <input type="checkbox"/> TECHNOLOGY <input type="checkbox"/> PRODUCER EXPECTATIONS <input type="checkbox"/> GOVERNMENT POLICY Effect on Demand/Supply Goes <b>UP</b> Goes <b>DOWN</b>	<p><b>American Woodmark</b></p> <p><b>Kitchen Cabinets</b></p> 	<p style="text-align: center;">Equilibrium <b>Price</b> goes <b>UP</b> or <b>DOWN</b></p> <p style="text-align: center;">Equilibrium <b>Quantity</b> goes <b>UP</b> or <b>DOWN</b></p>