

ECONOMICS 101 IN-CLASS ACTIVITY FALL 2017 – 10 MINUTES

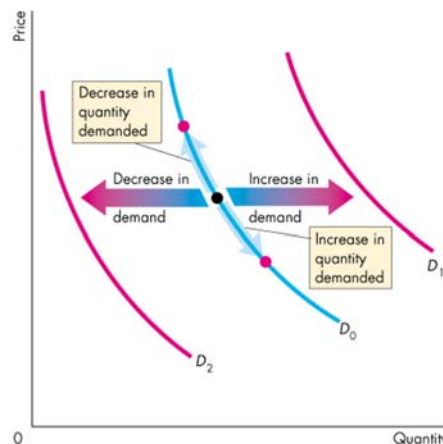
PLEASE COMPLETE THIS ACTIVITY ON OUR OWN.

1. Why does the demand curve shift? State at least 4 factors! Examples and a graph are always a good idea!

Any Four of these:

Shift of the Demand Curve

1. The prices of related goods
2. Expected future prices
3. Income
4. Expected future income and credit
5. Population
6. Tastes & Preferences
 - All else held the same



2. Why causes a shift along the supply curve? Explain. Examples and a graph are always a good idea!

Assuming a shift of the supply curve?

Any 2 OR 3 of these:

1. The prices of factors of production
2. The prices of related goods produced
3. Expected future prices
4. The number of suppliers
5. Technology
6. State of nature

Assuming a movement along the supply curve?

That means the demand curve shifts and creates a movement along the supply curve.

EITHER ANSWER IS FINE ! AS NOTED IN CLASS, JUST BE SURE TO MAKE YOUR ASSUMPTION RE: THE QUESTION CLEAR!

3. Provide the general equation for supply and demand. Explain why they have these specific equations and signs!

Demand curve $Q_D = 10 - 4P$ Price influence Q_D ; slope indicates the amount of response that occurs when P changes, P and Q_D have a negative relationship so a negative slope

Supply curve $Q_S = 5 + 2P$ Price influence Q_S ; slope indicates the amount of response that occurs when P changes, P and Q_S have a positive relationship so a positive slope