

Assignment #F1.1: Supply & Demand

Financial Education 522



NAME: _____ Group: _____ Date: _____

SCORE: ____ /10

Instructions: Answer each of the following questions. You may use your notes.

Due date: _____

The assignment is due on the date indicated above. As stated in the course outline, there will be a 10% penalty for every day it is late. The assignment will not be accepted after 3 days of the due date (weekends will count for 1 day).

PART A: QUESTIONS (Demand)

1. In each of the following cases, indicate the direction in which the demand curve would shift (to the left or to the right). /2
- a. An increase in demand resulting from the arrival of many buyers (customers) from the neighboring municipality.

 - b. A decrease in the demand towards noon, when most buyers have left a certain marketplace.

PART B: QUESTIONS (Supply)

2. In each of the following cases, indicate the direction in which the supply curve would shift (to the left or to the right). /2
- a. An increase in supply resulting from the arrival of the area's figure skating club.

 - b. A decrease in supply around noon, which is about the time the sales winds down in a marketplace.

PART C: QUESTIONS (Supply & Demand)

3. Suppose that circumstances vary in the supply and demand curve. In each of the following cases, state whether the market price would rise or fall. /4
- a. An increase in demand _____
 - b. A decrease demand: _____
 - c. An increase in supply: _____
 - d. A decrease in supply: _____

PART D: Graphing Activity

Logen's clothing store is trying to set a price for a new pair of jeans. Help Logen find the best price where the customers and Logen will be happy. /6

- 4. On graph paper below, plot the points for **selling price** and **number supplied** using the data in the chart below. Draw a line through these points and mark the line "**Supply**". Don't forget to label your x and y-axis.
- 5. On the same graph, plot the points for **selling price** and **number demanded**. Draw a line through these points and mark the line "**Demand**".
- 6. Estimate where supply and demand are equal (in equilibrium). Circle this point and identify the **selling price** and units

Selling Price	Number Supplied	Number Demanded
\$10.00	22	494
\$20.00	144	388
\$30.00	266	282
\$40.00	388	176
\$50.00	510	70

