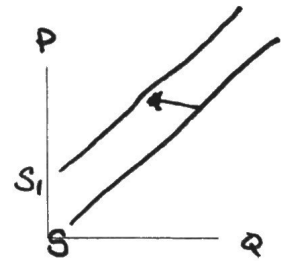


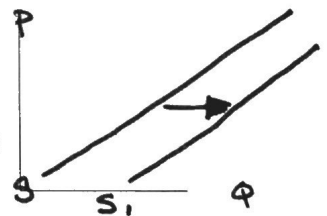
Application of Supply

1. The law of supply states that when the price increases, the quantity supplied will _____.
2. When the price decreases, the quantity supplied will _____.
3. For each **determinant**, give an example of what would shift the supply curve to the right.
 - a. Resources (cost of inputs) -
 - b. Expectations (producers) -
 - c. Number of producers -
 - d. Productivity -
 - e. Technology - **robots**
 - f. Subsidies -
 - g. Taxes or Regulations -
4. For each **determinant**, give an example of what would shift the supply curve to the left.
 - a. Resources (cost of inputs) - **cost of steel**
 - b. Expectations (producers) -
 - c. Number of producers -
 - d. Productivity -
 - e. Technology -
 - f. Subsidies -
 - g. Taxes or Regulations -

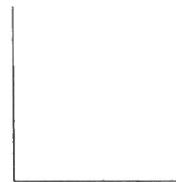
5. An increase in the price of hay would cause the supply of beef to **decrease**.
 Which determinant causes this change? **input costs**
Draw 2 supply lines showing the change in supply.



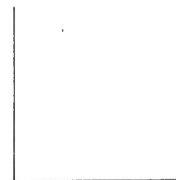
6. The government has lowered taxes on cattle ranchers; the supply of beef will **increase**.
 What determinant of supply causes this change? **taxes/regulations**
Draw a graph showing the change.



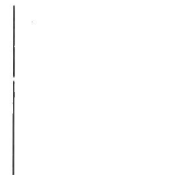
7. Mattel expects the new Barbie to be the "IT" toy at Christmas; the supply of Barbie will _____.
 What determinant causes this change? _____
 Draw a graph showing the change in supply.



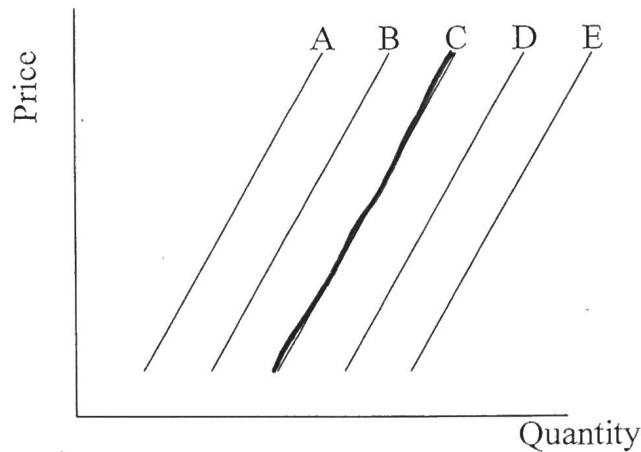
8. The peanut butter manufacturers are all buying equipment that can make peanut butter two times faster than before; the supply of peanut butter will _____.
 What determinant of supply causes this change? _____
 Draw a graph showing the change in supply.



9. There was a massive forest fire that ravaged the Pine Belt; the supply of new homes will _____.
 What determinant of supply causes this change? _____
 Draw a graph showing the change in supply.



Read the following eight newspaper headlines. For each, decide if the event will cause a change in the supply of cars. For each change, fill in the blank next to supply indicating if it will increase or decrease. Then, write which supply curve you would shift to. Finally, state what determinant of supply caused the shift. Start on Supply Curve C for number 10, then shift from the new location for number 11.



Example: If supply is at B and the headline is:
 "Auto Workers Agree to Pay and Benefit Cuts"

- Supply will Increase.
- The new supply curve will be curve C.
- What determinant of supply caused the shift? Cost of Inputs

13. Steel Prices Rise 10%

- Supply will _____.
- The new supply curve will be curve _____.
- What determinant of supply caused the shift? _____.

14. Large Auto Producers Go Bankrupt

- Supply will _____.
- The new supply curve will be curve _____.
- What determinant of supply caused the shift? _____.

15. The State of Texas Lowers the Sales Tax on both New and Used Cars

- Supply will _____.
- The new supply curve will be curve _____.
- What determinant of supply caused the shift? _____.

16. Government Offers Subsidy Payments To Auto Producers That Make Hybrid Cars

- Supply will _____.
- The new supply curve will be curve _____.
- What determinant of supply caused the shift? _____.

Start at C
 10. New Technology Increases Factory Efficiency

- Supply will Increase.
- The new supply curve will be curve D.
- What determinant of supply caused the shift? Tech

11. Autoworkers Strike Nationwide

- Supply will Decrease.
- The new supply curve will be curve C.
- What determinant of supply caused the shift? productivity

12. Government Offers \$3500 For Older Model Trade-ins; Producers Expect Sales Increase

- Supply will Increase.
- The new supply curve will be curve D.
- What determinant of supply caused the shift? Expectations