

Shifts in Supply, Demand, and Equilibrium

Part A: The Rules. Remember, there are only 4 possible outcomes!

What will happen when	What is shifting?	Which way?	Equilibrium Price	Equilibrium Quantity
1) Supply Increases?	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)
2) Supply Decreases?	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)
3) Demand Increases?	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)
4) Demand Decreases?	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)

Part B: Application. Now let's use the rules to see what might happen in some different situations.

5) What will happen in the market for <i>paper</i> as more of the world's forests are cut down?	a) What will shift?	b) Which way?	c) What will happen to Equilibrium Price?	d) What will happen to Equilibrium Quantity?	f) Draw a graph to represent this change in the market for paper.
	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase <input type="checkbox"/> decrease	<input type="checkbox"/> increase <input type="checkbox"/> decrease	
	e) What caused this change in the market? (Which determinant?)				
6) What will happen in the market for <i>sweaters</i> when the cost of wool decreases?	a) What will shift?	b) Which way?	c) What will happen to Equilibrium Price?	d) What will happen to Equilibrium Quantity?	f) Draw a graph to represent this change in the market for sweaters.
	<input type="checkbox"/> supply <input type="checkbox"/> demand	<input type="checkbox"/> increase (right) <input type="checkbox"/> decrease (left)	<input type="checkbox"/> increase <input type="checkbox"/> decrease	<input type="checkbox"/> increase <input type="checkbox"/> decrease	
	e) What caused this change in the market? (Which determinant?)				

7) What will happen in the market for **desks** when faster desk making machinery is invented?

a) What will shift?
 supply
 demand

b) Which way?
 increase (right)
 decrease (left)

c) What will happen to Equilibrium Price?
 increase
 decrease

d) What will happen to Equilibrium Quantity?
 increase
 decrease

f) Draw a graph to represent this change in the market for desks.

e) What caused this change in the market? (Which determinant?)

8) What will happen in the market for **tires** if more foreign cars are imported?

a) What will shift?
 supply
 demand

b) Which way?
 increase (right)
 decrease (left)

c) What will happen to Equilibrium Price?
 increase
 decrease

d) What will happen to Equilibrium Quantity?
 increase
 decrease

f) Draw a graph to represent this change in the market for tires.

e) What caused this change in the market? (Which determinant?)

9) What will happen in the market for **pretzels** when the cost of potato chips goes up?

a) What will shift?
 supply
 demand

b) Which way?
 increase (right)
 decrease (left)

c) What will happen to Equilibrium Price?
 increase
 decrease

d) What will happen to Equilibrium Quantity?
 increase
 decrease

f) Draw a graph to represent this change in the market for pretzels.

e) What caused this change in the market? (Which determinant?)

10) What will happen in the market for **HD televisions** when government stimulus checks arrive?

a) What will shift?
 supply
 demand

b) Which way?
 increase (right)
 decrease (left)

c) What will happen to Equilibrium Price?
 increase
 decrease

d) What will happen to Equilibrium Quantity?
 increase
 decrease

f) Draw a graph to represent this change in the market for HD televisions.

e) What caused this change in the market? (Which determinant?)

11) What will happen in the market for **dress shoes** when people start buying sneakers instead?

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity? f) Draw a graph to represent this change in the market for HD televisions.

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

12) What will happen in the market for **houses** when Thanos snaps his fingers?

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity? f) Draw a graph to represent this change in the market for houses.

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

Part C: More Application. But what happens when it is more complicated, and more than one thing is happening?

13) What will happen in the market for **sweaters** when the cost of wool decreases

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity? f) Draw a graph to represent this change in the market for sweaters (show BOTH changes).

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

AND the season changes from summer to fall to winter?

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity?

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

In the end, we KNOW

- Equilibrium Price Increased
- Equilibrium Quantity Decrease
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14) What will happen in the market for **CDs** when streaming music becomes more popular

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity? f) Draw a graph to represent this change in the market for CDs (show BOTH changes).

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

AND the government gives companies money to upgrade their wireless networks from LTE to 5G?

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity?

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

In the end, we KNOW

Equilibrium Price Increased

Equilibrium Quantity Decreased

15) What will happen in the market for **dress shoes** when the cost of leather decreases

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity? f) Draw a graph to represent this change in the market for dress shoes (show BOTH changes).

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

AND people start buying sneakers instead?

a) What will shift? b) Which way? c) What will happen to Equilibrium Price? d) What will happen to Equilibrium Quantity?

supply increase (right) increase increase

demand decrease (left) decrease decrease

e) What caused this change in the market? (Which determinant?)

In the end, we KNOW

Equilibrium Price Increased

Equilibrium Quantity Decreased