

## **Demand, Supply, and Market Equilibrium – Answers**

### **1. Demand for Corn**

- a) Downward■sloping demand curve.
- b) Inverse (negative) relationship between price and quantity demanded.
- c) Yes, demand shifts left (other vegetables are substitutes).
- d) Column b (−50 each price):  
\$4.00 → 800  
3.75 → 850  
3.50 → 900  
3.25 → 950  
3.00 → 1000  
2.75 → 1050  
2.50 → 1100
- e) Demand curve shifts left (parallel).

### **2. Six nonprice determinants of demand**

Income; tastes/preferences; population; prices of substitutes; prices of complements; expectations.

### **3. Automobile demand shifts**

- a) U
- b) L
- c) L
- d) R
- e) L
- f) R

### **4. Supply for Corn**

- a) Upward■sloping supply curve.
- b) Positive relationship between price and quantity supplied.
- c) Column b (−100 each price):  
\$4.00 → 1500  
3.75 → 1300  
3.50 → 1100  
3.25 → 900  
3.00 → 700  
2.75 → 500  
2.50 → 300
- d) Supply curve shifts left.

### **5. Five nonprice determinants of supply**

Input prices; technology; taxes/subsidies; number of sellers; expectations.

### **6. Hamburger supply shifts**

- a) L
- b) U
- c) R
- d) R