

## 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