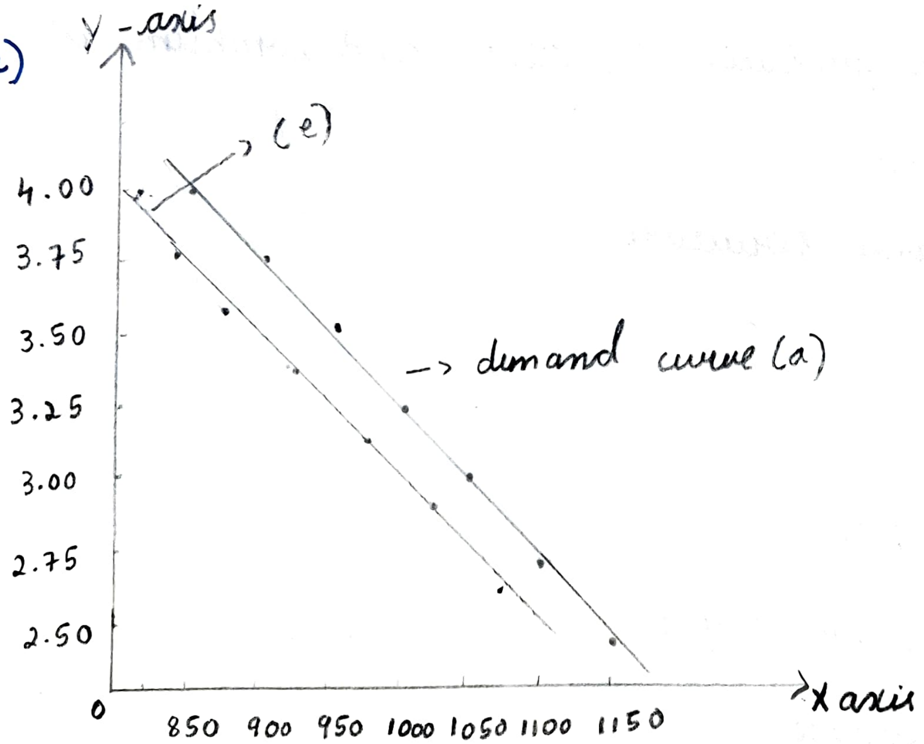
GIRIDHARA JANMITHA.
(2-59)

1)
(d)

Price Per Bushel	quantity demanded (000 bushels per week) a.	b
$4.00	850	800
3.75	900	850
3.50	950	900
3.25	1000	950
3.00	1050	1000
2.75	1100	1050
2.50	1150	1100

a)



b) There is an inverse relationship: when the price decreases, the quantity demanded increases.

c) yes, the demand curve will shift to the left (decrease in demand) as consumers switch to cheaper substitute vegetables.

e) The new demand curve will be parallel to the original one, but shifted to the left by 50 thousand bushels.

2) Non-price determinants of demand:

-> consumer tastes and preferences

-> consumer income

-> Prices for related products (substitutes and compliments)

-> Consumer expectations

-> Population size and structure

-> seasonality

3)

a) __U__ Auto prices fall

b) __L__ Price of gasoline triples

c) __L__ Income decrease

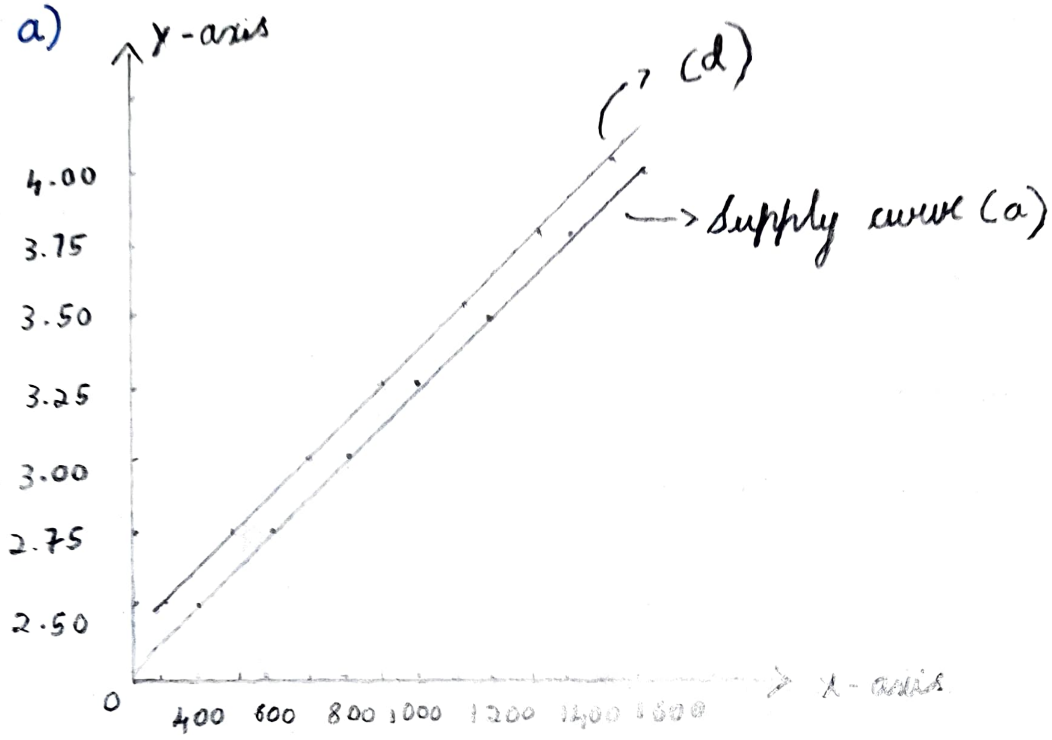
d) __R__ Stock market gains increase wealth

e) __L__ Public transit fares fall to zero

f) R Auto price increase expected

4)

a)



b) Positive relationship when the price increases, the quantity supplied decreases

c)

Price per bushel	quantity Suplied (000s of bushels per week)	
	a	b
$ 4.00	1600	1500
3.75	1400	1300
3.50	1200	1100
3.25	1000	900
3.00	800	700
2.75	600	500
2.00	400	300

d) The new supply curve will shift to the left by 100 thousand bushels

5) Non price determinants of supply

-> Resources prices

-> Production technologies

-> Prices for other goods

-> Manufacture's expectations

-> Number of sellers in the market.

6)

a) __L__ increase in the price of hamburger meat

b) __U__ Increase in the price of hamburgers

c) __U__ increase in the price of chicken nuggets

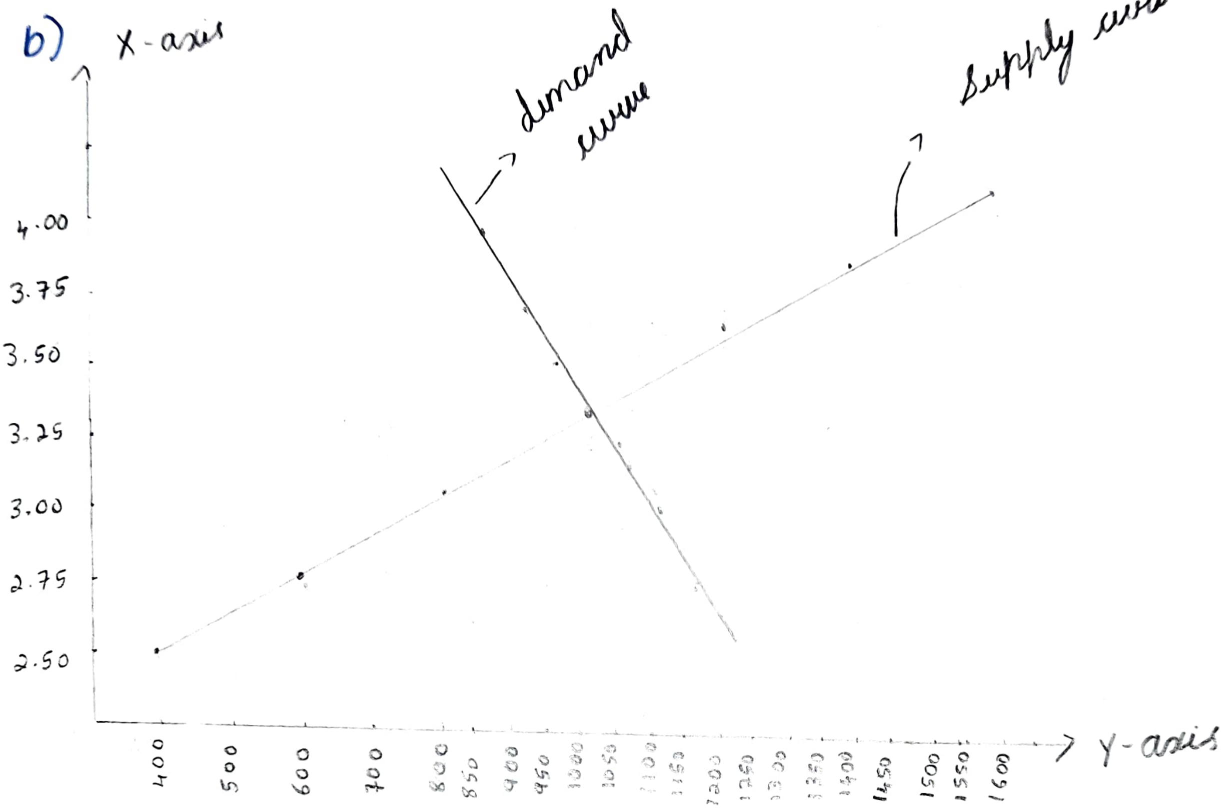
d) __R__ introduction of new cost - saving technology in the hamburger industry.

7)

a) Equilibrium price = $ 3.25

Equilibrium quantity = 1000 bushels.

b)



c) At a price of $ 3.75, a ~~1400~~ surplus exists in the amount of 500 because quantity demanded lessthan quantity supplied

d) At a price of $ 2.75 a deflict exists in the amount of 500 because quantity demanded is greater than quantity supplied.

e) competitive markets are self-regulating: when there is a deviation from equilibrium, the mechanisms of supply and demand return the market equilibrium through price changes.