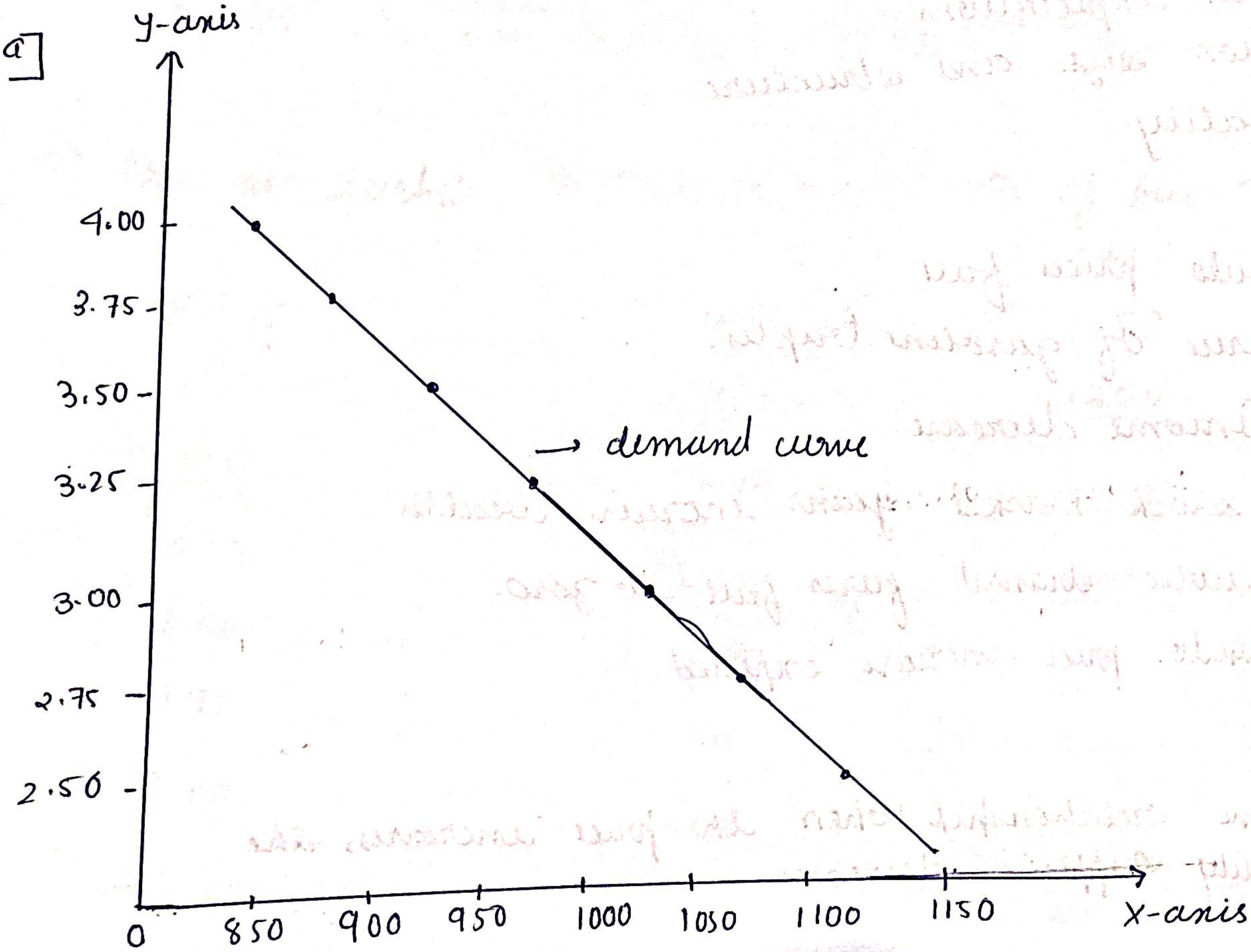
Ankila Keshyond.

Q1) a) Price Per Bushel | Quantity demanded (000s bushels per week)

Price Per Bushel	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 vegetable.

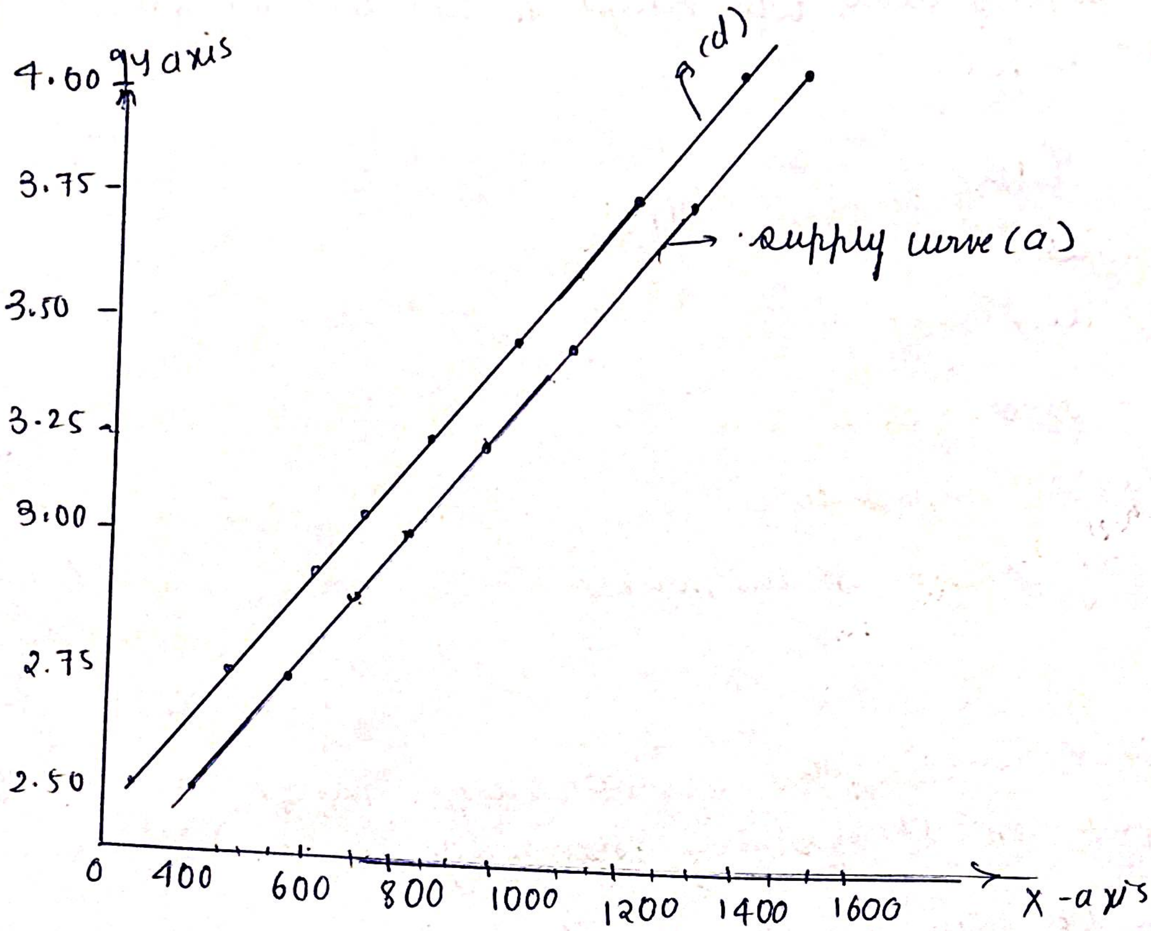
e) The new demand curve will be parallel to the original one, but shifted to the left by 50 thousand bushels.

2] Non price determinants of demand:
→ consumer tastes and preferences.
→ consumer income.
→ Prices for related products (substitutes and complements)
→ 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]
b) Positive relationship when the price increases, the quantity supplied decreases.

4.a]



c) Price per bushel quantity supplied (000s of bushels per week)

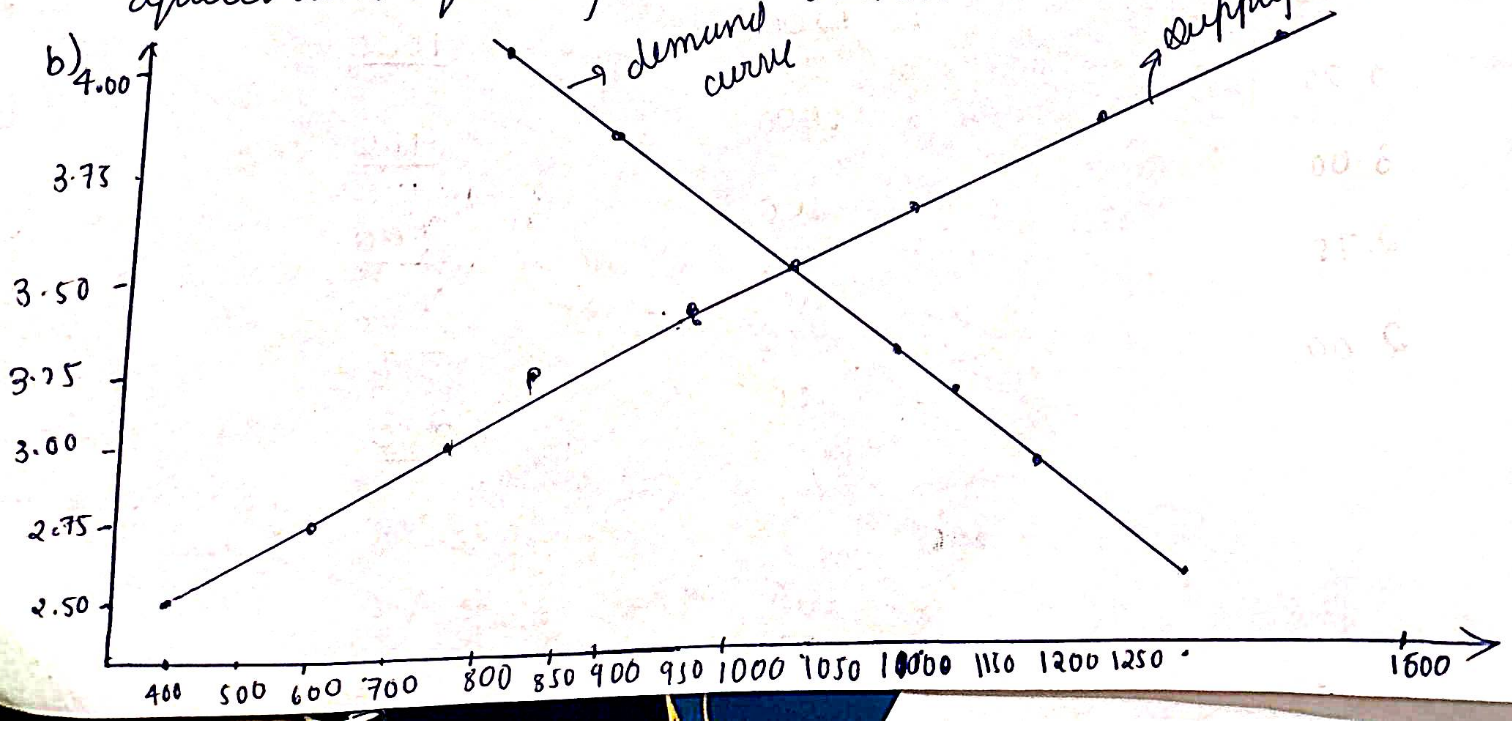
Price per bushel	a	b
$ 4.00	1600	1500
3.75	1400	1300
3.50	1200	1100
3.25	1000	900
3.00	800	700
2.75	600	500
2.00	400	200

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

5) Non price determinants of supply.
→ Resource prices
→ Production technologies
→ Prices for other goods
→ Manufacturer'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 surplus exists in the amount of 500 because quantity demanded lesser than quantity supplied.

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