

SUPPLY AND DEMAND
Activity 6

Name _____

For each of the following situations, answer these questions:

A. Which force is involved (Supply or Demand) AND did it Increase or Decrease?

B. How would the Price and Quantity sold be effected?

1. A new synthetic rubber is developed that decreases the price of tires to motorcycle producers. What will be the impact on the motorcycle market?

A. _____ B. \$ _____ Qs _____

2. Oil prices worldwide increase and there is a resultant increase in the price of oil based paints. What will be the impact on oil based paints?

A. _____ B. \$ _____ Qs _____

3. Higher costs in the airline industry result in airplane ticket prices increasing by 100%. What will be the impact on the automobile market?

A. _____ B. \$ _____ Qs _____

4. Due to increased federal subsidies, the price of riding city buses is reduced to 10 cents. What will be the impact on the automobile market?

A. _____ B. \$ _____ Qs _____

5. The President's tax reform plan is passed by the Congress. As a result, the income taxes paid by the average American will decrease by 20%. What will be the impact on the automobile market?

A. _____ B. \$ _____ Qs _____

6. Expensive new pollution control equipment is required on all new cars sold in this country. What will be the impact on the automobile market?

A. _____ B. \$ _____ Qs _____

7. The cost of new equipment has increased at the Motorola factory. What will happen to the market for cell phones?

A. _____ B. \$ _____ Qs _____

8. A new type of robot has replaced workers at the Intel plant. What will be the impact on the computer market?

A. _____ B. \$ _____ Qs _____

9. A recent report indicated that those people who exercise have less stress in their life. What will happen to the market for exercise shoes?

A. _____ B. \$ _____ Qs _____

10. A well respected medical association reports that eating fish can reduce the levels of cholesterol in the bloodstream. What will happen to the market for fish?

A. _____ B. \$ _____ Qs _____

11. The food tax on all baked goods paid by bakeries has been dropped by the state. What will happen to the market for baked goods?

A. _____ B. \$ _____ Qs _____

12. Tyra Banks says that she keeps her youthful look by drinking milk. What will happen to the market for milk?

A. _____ B. \$ _____ Qs _____

13. People in America prefer to eat their breakfast cereal with milk. A recent disease has reduced the availability of milk. What will be the impact on the breakfast cereal market?

A. _____ B. \$ _____ Qs _____

14. The cost of fuel for commercial airlines has gone up. What will happen to the market for air travel?

A. _____ B. \$ _____ Qs _____

15. The government has placed new pollution control standards on all new cars in the U.S. What will happen to the market for new cars?

A. _____ B. \$ _____ Qs _____

16. Farmers in the west have come up with a new hybrid type of lettuce which allows farmers to grow 40% more heads of lettuce per acre with water than before. What will happen to the market for lettuce?

A. _____ B. \$ _____ Qs _____

17. Because of a labor/management agreement, all carpenters will receive a 5% raise. What will happen to the market for new U.S. homes?

A. _____ B. \$ _____ Qs _____

18. The government has closed 20% of the cattle grazing land available to ranchers. What will be the impact on beef?

A. _____ B. \$ _____ Qs _____

19. Next month, new home prices are expected to decrease. What will be the impact on the new home market?

A. _____ B. \$ _____ Qs _____