

Exercise 1
Plot the Supply Curves

Corn Production (in millions of bushels a day)	Price per Bushel of Corn
0	\$1.50
15	\$2.00
26	\$2.50
32	\$3.00
35	\$3.50



After Government Subsidy

Corn Production (in millions of bushels a day)	Price per Bushel of Corn
10	\$1.50
20	\$2.00
35	\$2.50
40	\$3.00
45	\$3.50

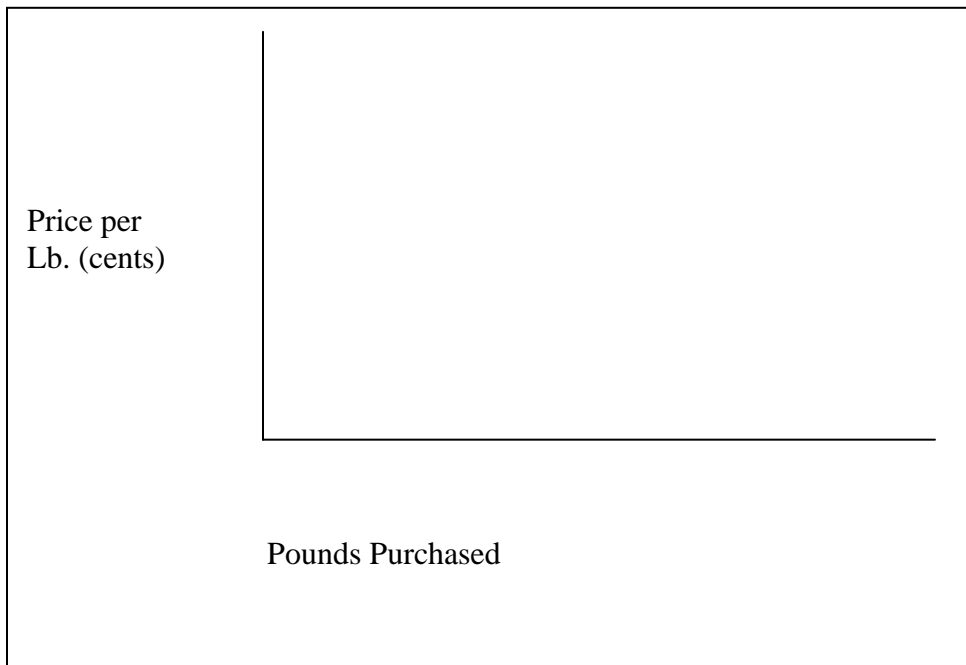
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Supply Worksheet

DIRECTIONS: Using the following information, plot a supply curve on the graph provided.

Because of their current costs of production and yields, apple producers are willing to produce the following quantities at the respective price levels.

<u>Price per Lb.</u>	<u>Tons of Apples Produced</u>
\$.12	26 Tons
\$.13	29 Tons
\$.14	33 Tons
\$.15	38 Tons
\$.16	43 Tons



Food for Thought:

- A. From left to right, does the supply curve go upward or downward?
- B. As price increased, supply _____ (increased, decreased).

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Shifts in Supply

Alar, an apple pesticide, is banned from use, causing the cost of producing apples to skyrocket. Using the following information, plot another supply curve on the chart to reflect how this would affect the supply of apples at the various price levels.

<u>Price Per Lb.</u>	<u>Tons of Apples Produced</u>
\$.12	10 Tons
\$.13	14 Tons
\$.14	19 Tons
\$.15	25 Tons
\$.16	31 Tons

A. What happened to the demand curve? Why did this happen?

B. List four other factors that could possibly cause shifts in the demand for apples?

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| 2. | 4. |