*NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PERIOD\_\_\_\_\_\_\_\_\_\_\_\_*

*For each of the following problems, state which curve would shift:  the supply curve or the demand curve.  Then state whether the curve would shift to the right (an increase in supply or demand), or shift to the left (a decrease in supply or demand). (Hint:  Beware of two trick questions!)*

|  |  |  |  |
| --- | --- | --- | --- |
| **Market**  | **Event**  | **Would the demand curve or supply curve shift?**  | **Would the curve shift to the right or left?**  |
| wheat | A drought destroys much of the crop. | Supply  | Left  |
| redwood lumber | Environmentalists urge consumers to boycott redwood products. |    |    |
| cigars | A new study shows that smoking cigars results in lots of wrinkles. |    |    |
| butter | The price of margarine goes up. |    |    |
| paper | The price of wood pulp rises. |    |    |
| Hula hoops | Brad Pitt confides to People magazine that "he gets a big kick out of his hula hoop." |    |    |
| yachts | The average price of stocks falls by over 20% between now and the end of the year. |    |    |
| gasoline | Large sports-utility vehicles (like Suburbans and Expeditions) become more popular. |    |    |
| umbrellas | Heavy rain is forecast. |    |    |
| tofu | E. Coli bacteria is found in another meat plant. |    |    |
| gasoline | Two oil supertankers collide. |    |    |
| hamburger | The price of hamburger rises. |    |    |
| oranges | There's an early frost which destroys much of the crop. |    |    |
| apples | A new pesticide is developed which controls tent caterpillars. |    |    |
| grapes | The National Marines Fisheries Service bans pesticide spraying within 1,000 feet of waterways containing coho salmon. |    |    |
| wine | The average wage of grape harvesters rises by 10%. |    |    |
| U.S. cars | The U.S. imposes a tariff on Japanese car imports. |    |    |
| hospital beds | Scientists discover a pill that cures cancer. |    |    |
| cement | A 7.9 earthquake hits San Francisco. |    |    |
| Video rentals | The price of getting cable TV goes up. |    |    |
| windshields | A new law is passed requiring gravel trucks to cover their loads with tarps. |    |    |
| Taxi service | Local subway workers go on strike |    |    |
| Bike helmets | The price of bicycles goes down |    |    |
| melons | The cost of water goes up. |    |    |
| **Market**  | **Event**  | **Would the demand curve or supply curve shift?**  | **Would the curve shift to the right or left?**  |
| Lucerne milk | The price of Safeway milk goes down. |    |    |
| jellybeans | The price of jellybeans goes up. |    |    |
| Oreo cookies | The price of milk increases. |    |    |
| Burger King whoppers | McDonald's lowers the price of Big Macs.   |    |    |
| Hot dogs | 60 Minutes does an expose called "The Truth about Hot Dogs." |    |    |
| Hot dog buns | The price of flour rises |    |    |
| butter | Mad Cow Disease wipes out a lot of dairy cows. |    |    |
| candles | An electric company official announces that a computer bug will likely result in power outages. |    |    |