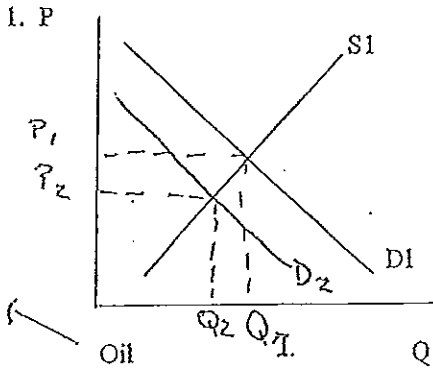


ANALYZING THE EFFECT OF SUPPLY OR DEMAND CHANGES

For each situation below, draw the effect of the change on the graph and label your new curve D2 or S2. Show Q_1 , P_1 , and Q_2 , P_2 , and indicate with arrows along the axis the directional changes.

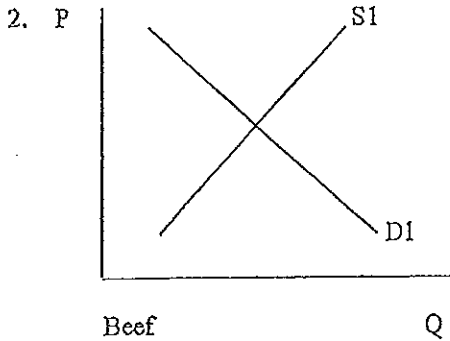
Market

Change

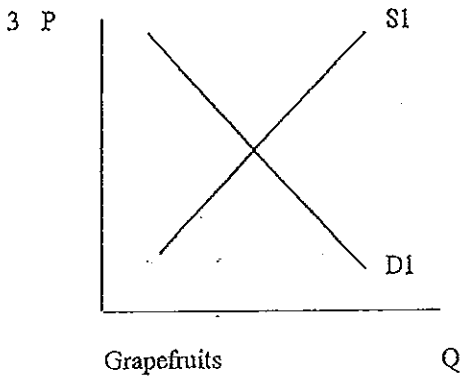


few
oil price
price
shifts
and
demand
changes

Many countries are experiencing recessions, causing decreased demand for energy. - Change in demand curve

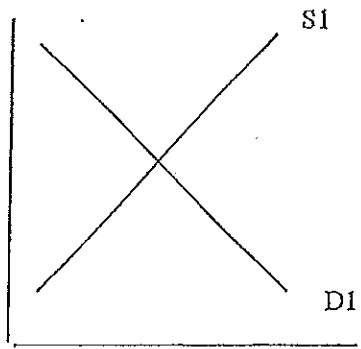


Chicken goes down in price.



Frost kills a large part of the crop.

4 P

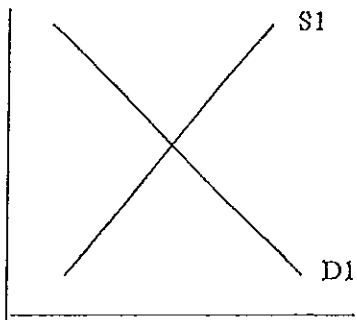


Cell phones

Q

New technology allows cheaper production of cell phones.

5 P

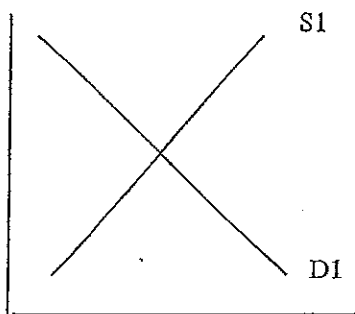


Hybrid cars

Q

Gasoline prices surge to \$5.00 a gallon.

6. P

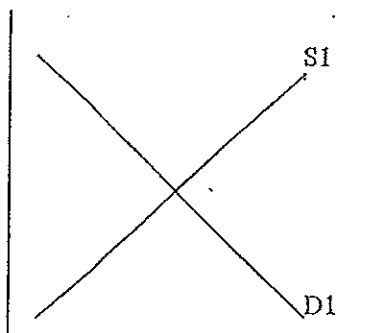


Hybrid cars

Q

More car companies begin to manufacture hybrid cars.

7. P



World oil market

Q

As their countries' economies grow, more families in China and India are entering the middle class.