Name _____ Date _____

# Supply and Demand: What Shifts the Curves?

**Directions:** In each question, a single factor changes in a market while every other factor stays constant. Use the supply and demand model to determine the result.

**1.** In an invented city, the price of a movie ticket rises from $9 to $12 while every other factor affecting moviegoers remains constant. Which statement correctly describes the demand side of this market?

A. Quantity demanded stays the same, because people still want to see movies.

B. Demand increases, because a higher price makes tickets seem more valuable.

C. Demand decreases, and the demand curve shifts to the left.

D. Quantity demanded decreases as consumers move along the same demand curve.

**2.** Household incomes rise across an invented region, where restaurant meals are a normal good for consumers. How will the market for restaurant meals respond?

A. Quantity demanded increases, but demand itself does not change.

B. Demand increases, so the equilibrium price and quantity both rise.

C. Supply increases, so the equilibrium price falls and quantity rises.

D. Demand increases, so the equilibrium price rises and quantity falls.

**3.** Average incomes rise in an invented county, where consumers treat store-brand instant noodles as an inferior good. Which result should economists predict for the market for those noodles?

A. Supply decreases, so the equilibrium price rises.

B. Demand decreases, so the equilibrium price and quantity both fall.

C. Quantity demanded decreases, but the demand curve does not move.

D. Demand increases, because consumers can now afford more noodles.

**4.** For many consumers in an invented city, tea and coffee are substitutes. When the price of tea rises sharply, what happens in the market for coffee?

A. Quantity demanded of coffee rises along the same demand curve.

B. Demand for coffee decreases, so its equilibrium price falls.

C. Demand for coffee increases, so its equilibrium price and quantity rise.

D. Supply of coffee increases, so its equilibrium price falls.

**5.** In an invented market, game consoles and the video games played on them are complements. If the price of consoles rises, which change in the market for video games follows?

A. Nothing changes for games, because only the price of consoles changed.

B. Supply of games decreases, so their equilibrium price rises.

C. Demand for games decreases, so their equilibrium price and quantity fall.

D. Demand for games increases, so their equilibrium price rises.

**6.** In an invented year, cotton, the primary input for manufacturing T-shirts, becomes considerably more expensive. How does this change affect the market for T-shirts?

A. Supply increases, so the equilibrium price falls.

B. Demand decreases, so the equilibrium price falls.

C. Supply decreases, so the equilibrium price rises and quantity falls.

D. Quantity supplied decreases, but the supply curve does not shift.

**7.** A newly developed oven allows bakeries in an invented city to produce bread faster and at a lower cost per loaf. Which outcome in the bread market matches this change?

A. Supply decreases, so the equilibrium price rises.

B. Supply increases, so the equilibrium price falls and quantity rises.

C. Quantity supplied increases, but supply itself does not change.

D. Demand increases, so the equilibrium price rises.

**8.** In the fresh strawberry market of an invented city, consider each event separately. Match each event to the curve it directly shifts and the direction of that shift.

Write the letter of the matching answer on each line.

1. _____ A widely shared study reports that eating strawberries is good for your health.
2. _____ A late frost destroys much of this season's strawberry crop.
3. _____ Mild, sunny weather gives nearby growers their biggest harvest in years.
4. _____ Many families move away from the city.

A. Quantity supplied decreases
B. Supply decreases
C. Supply increases
D. Quantity demanded increases
E. Demand increases
F. Demand decreases

**9.** The government of an invented country is considering several policies that would affect the market for electric scooters. Considering each policy separately, which TWO would decrease the supply of scooters? Select 2.

☐ A. A new tax of $20 on each scooter that producers sell

☐ B. A public ad campaign that encourages people to ride scooters

☐ C. A new payment of $20 to producers for each scooter they make

☐ D. A tax credit for people who buy a scooter

☐ E. The end of a $20 payment that producers had been receiving for each scooter

Daily smoothie market in a beach town

| Price per smoothie | Quantity demanded per day | Quantity supplied per day |
|---|---|---|
| $2 | 100 | 40 |
| $3 | 90 | 60 |
| $4 | 80 | 80 |
| $5 | 70 | 100 |
| $6 | 60 | 120 |

**10.** The table shows a smoothie market before any change. A heat wave then increases demand: at every price, consumers now want 30 more smoothies per day than the table shows, while supply stays the same. What is the new equilibrium price, in dollars?

_____ dollars