

Changes in Supply and Demand Round III

2. The conditions in the table below are changing in the market for oranges. Taking each change separately, complete the table. Use + for increase, - for decrease, or NC for no change.

	Change in Demand	Change in Supply	Effect on Price	Effect on Quantity	Draw the original supply and demand curve and the change that takes place on the graph.
The growing season in Florida is shortened by 20 days of frost.	NC	-	+	-	
The price of tangerines falls by 20%.	-	NC	-	-	
An announcement by the surgeon general that oranges are a healthy source of nutrition.	+	NC	+	+	
The wages paid to orange grove workers increases by 10%.	NC	-	+	-	
Technology gains are made in harvesting equipment for oranges.	NC	+	-	+	
Consumers anticipate an increase in the price of oranges in the near future.	+	NC	+	+	
Consumer incomes fall by 10% and oranges are a normal good.	-	NC	-	-	

1.. Consider each of the following markets and the given situation to determine whether the demand and/or supply curve shift(s), and what the impact on the equilibrium price and quantity will be relative to the initial price and quantity.

Market	Situation	Shift or Movement along the Demand Curve	Shift or Movement along the Supply Curve	Effect on Equilibrium Price	Effect on Equilibrium Quantity
Automobile Market	War in the Middle East disrupts petroleum exports substantially	Decrease in demand Change in the price of related goods	Movement on supply curve	Price decreases	Quantity decreases
Pizza Market	Price of Cheese increases	Movement on demand curve	Decrease in supply	Price increases	Quantity decreases
Shampoo Market	Health advisors release study showing danger of frequent hair washing	Decrease in demand	Movement on supply curve	Price decreases	Quantity decreases
Oil Market	Oil-producing countries form cartel and agree to restrict output	Movement on demand curve	Decrease in supply	Price increases	Quantity decreases