|  |  |  |
| --- | --- | --- |
| **PRICE** | **QUANTITY SUPPLIED** | **QUANTITY**  **DEMANDED** |
| $100 | 60 | 4 |
| $90 | 50 | 12 |
| $80 | 40 | 17 |
| $70 | 30 | 24 |
| $60 | 20 | 34 |
| $50 | 15 | 43 |

**Graph B – Michigan State Basketball – The Breslin Center**

**13000**

**14000**

**15000**

**16000**

**17000**

**18000**

**10**

**15**

**20**

**30**

**40**

**50**

**Graph A – Rhinestone Coach Purses**

**$ 100**

**$ 90**

**$ 80**

**$ 70**

**$ 60**

**$ 50**

**$ 70**

**$ 60**

**$ 50**

**$ 40**

**$ 30**

**$ 20**

|  |  |  |
| --- | --- | --- |
| **PRICE** | **QUANTITY SUPPLIED** | **QUANTITY**  **DEMANDED** |
| $2.25 | 225 | 197 |
| $2.00 | 200 | 200 |
| $1.75 | 175 | 204 |
| $1.50 | 150 | 212 |
| $1.25 | 125 | 220 |
| $1.00 | 100 | 225 |

**Graph C – Pepsi Cola**

|  |  |  |
| --- | --- | --- |
| **PRICE** | **QUANTITY SUPPLIED** | **QUANTITY**  **DEMANDED** |
| $ 100 | 2500 | 1250 |
| $ 99 | 2250 | 1500 |
| $ 98 | 2000 | 1750 |
| $ 97 | 1750 | 2000 |
| $96 | 1500 | 2250 |
| $95 | 1250 | 2500 |

**$ 2.25**

**$ 2.00**

**$ 1.75**

**$ 1.50**

**$ 1.25**

**$ 1.00**

**100**

**125**

**150**

**175**

**200**

**225**

**1000**

**1250**

**1500**

**1750**

**2000**

**2250**

**$ 100**

**$ 99**

**$ 98**

**$ 97**

**$ 96**

**$ 95**

**Graph D - Barrels of Oil**

**Use Graph “A” to answer the following scenario. (Be sure to use proper labels as appropriate)**

1. Graph the demand and supply schedules for Coach Purses.

Assume the price is set at $80

1. Michele Obama was seen on the red carpet at the Inauguration carrying the new Rhinestone Coach Purse. Graph the change in demand (assume a 50% change)

What is the new demand? \_\_\_\_\_\_\_\_

3. Is there a surplus or shortage of purses on the shelf? \_\_\_\_\_\_\_\_\_\_\_\_\_ How much? \_\_\_\_\_\_\_

4. The price of Rhinestones from South Africa went up 5%. As a result, the price of the new Coach purse went up $10. **Show how that would be illustrated on the graph**

5. Calculate the elasticity of Coach Purses (show work below) Is it: **ELASTIC INELASTIC**

**Use Graph “B” to answer the following scenario. (Be sure to use proper labels as appropriate)**

1. Explain why the supply curve for the Breslin Center is vertical.
2. If the price for game tickets were set at $30 would there be a: SHORTAGE SUPRLUS

3. The boosters have raised enough money to add an addition to the arena to increase the capacity by 1000 seats. **Graph the change**

1. MSU and UM are both ranked in the top 5 for the upcoming game. Demand for tickets has increased by 15%. **Graph the change assuming the price for tickets were $30**
2. If MSU wanted to raise ticket prices to meet the demand for the game, what would the ticket prices be set at?

\_\_\_\_\_\_\_\_

**Use Graph “C” to answer the following scenario. (Be sure to use proper labels as appropriate)**

1. Graph the demand and supply schedules for 2-Liter bottles of Pepsi at Meijer.

Let’s assume the price for Pepsi at Meijer is set at $1.75

2. Is there a shortage or a surplus of Pepsi? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. In reaction to the shortage/surplus, Meijer decides to raise its price by $0.25.

Circle the proper change in demand that would take place: **SLIDE SHIFT**

4. Calculate the elasticity for Pepsi. Enter the answer here: \_\_\_\_\_\_\_\_\_\_

Circle if demand is: **ELASTIC INELASTIC**

5. In addition to the change in price that took place, Meijer announces that Pepsi will go on sale next week. How will this impact demand for Pepsi? **GRAPH A POSSIBLE CHANGE**

**Use Graph “D” to answer the following scenario. (Be sure to use proper labels as appropriate)**

1. Graph the demand and supply schedules for barrels of oil in the US Oil Industry.

Let’s assume the going price for a barrel of oil is $96

2. There is a rising popularity of hybrid vehicles in America. As a result, demand for oil will be affected by 10%. **Graph the change in demand**

What is the new demand for oil? \_\_\_\_\_\_\_\_\_\_\_

3. Is there a shortage or surplus for oil? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ How much? \_\_\_\_\_\_\_\_\_\_\_\_

4. Will the price of oil eventually go up or down? \_\_\_\_\_\_\_\_\_ How much? \_\_\_\_\_\_\_\_\_

**Graph the price change**

5. Let’s assume that the US Government now requires the oil companies to install a huge rubber skimmer every any oilrig in the ocean, in case there is a leak while drilling oil. This impacts the supply of oil by 20%. **Graph the change in supply**

What is the new supply for oil? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. What is the new equilibrium price? \_\_\_\_\_\_\_\_\_\_\_\_\_