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

**D2**

**D1**

**D1**

**S2**

**S1**

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

**13000**

**14000**

**15000**

**16000**

**17000**

**18000**

**10**

**15**

**20**

**30**

**40**

**50**

**D2**

**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 |

$97.95

**D1**

**D2**

**$ 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**

**D1**

**D2**

**S2**

**S1**

**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? \_\_\_\_**25.5**\_\_\_\_

3. Is there a surplus or shortage of purses on the shelf? \_\_\_SURPLUS\_\_\_\_ How much? \_**14.5**\_\_\_

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**

17-25.5

17 50 4

$80 – 90 12.5

80

**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.

The Breslin holds 15,000 people. Regardless of price there are always 15000 tickets supplied

1. If the price for game tickets were set at $30 would their 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?

\_\_\_\_**$42**\_\_\_\_

**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? \_\_shortage \_\_\_\_

204-200

204

$1.75 – 2.00

1.75

1.96

14.29

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: \_\_\_\_**0.14**\_\_\_\_

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**

Demand for Pepsi would shift to the left

**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? \_\_\_**2000**\_\_\_\_\_

3. Is there a shortage or surplus for oil? \_\_\_**SHORTAGE**\_\_\_\_ How much? \_\_**500 barrels**\_\_

4. Will the price of oil eventually go up or down? \_\_\_**UP**\_\_\_ How much? \_\_\_\_**$1**\_\_\_

**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? \_\_\_\_\_**1400**\_\_\_

6. What is the new equilibrium price? \_\_\_ **$97.75**\_\_\_\_