Name:

Date:

School:

Facilitator:

3.06 Market Equilibrium

Total Points: 48



**Complete this activity in the table beginning on the next page.**

* **Determine how the market for the product in Column 1 is affected by the event in Column 2.**
* **Follow the five examples provided to you to complete column 3 as shown. Your answer choices for Column 3 are one of the following letters: T, R, I, B, E, R, O, T, T, E, N.**
* **For column 4, select the correct supply and demand graph above (A, B, C, or D) for each of the situations listed in the table.**
* **For each situation, assume that supply and demand are in a state of equilibrium to start.**

| **Product** | **Event** | **What non-price determinant is causing the curve to shift? Choose the specific letter in the correct acronym.** **Hint: TRIBE affects demand and ROTTEN affects supply.** | **Answer** |
| --- | --- | --- | --- |
| ***Example: Oranges*** | ***A drought destroys half of the crop.*** | ***Supply is affected so choose ROTTEN. Answer is R for resource costs have increased.***  | ***D*** |
| 1. **Fast Food Restaurants**
 | The minimum wage is raised to $15. |       |       |
| 1. **T-bone Steaks**
 | Personal Income Tax rate reduction. | Demand is affected so choose TRIBE. Answer is **I** for income has increased. |       |
| 1. **Movie Popcorn**
 | The price of movie tickets increases. |       |       |
| 1. **Disney World hotels**
 | Disney World increases ticket prices. |       |       |
| 1. **New Housing Construction**
 | The cost of lumber decreases. | Supply is affected so choose ROTTEN. Answer is **R** for resource costs have decreased. |       |
| 1. **Pepsi**
 | The price of Coca Cola increases. |       |       |
| 1. **Firewood**
 | Your local TV weather reporter says “Snow is likely.” |       |       |
| 1. **Normal Goods**
 | People receive a 20% pay increase. |       |       |
| 1. **Inferior Goods**
 | People receive a 20% pay increase. | Demand is affected so choose TRIBE. Answer is **R** for related products (substitutes) expectations. |       |
| 1. **Samsung Galaxy phones**
 | Apple iPhone 6 lowers its prices. |       |       |
| 1. **Light bulbs**
 | The government places a tax on light bulb filaments. |       |       |
| 1. **Any business**
 | A wave of optimism sweeps the country causing everyone to whistle why they work. | Demand is affected so choose TRIBE. Answer is **E** for expectations.  |       |
| 1. **Fireworks**
 | The government subsidizes the production of fireworks. |       |       |
| 1. **Soybeans**
 | A new tractor is invented that cuts harvesting time in half. |       |       |