

Quiz 3

Use the diagrams below to indicate the changes in demand (D), supply (S), equilibrium price (P), and equilibrium quantity (Q) in response to the events described to the left of the diagrams. First show in the diagrams how supply and/or demand shift in response to the event, and then fill in the table to the right of the diagrams using + to indicate increase, - to indicate decrease, and 0 to indicate no change. If an effect cannot be determined show this by using "?". As an example, the first question has been answered.

Market	Events	Diagrams	D	S	P	Q
a. Automobiles	Price of gasoline rises; cost of producing autos rises.		-	-	?	-
b. Oranges	Frost destroys half the Florida orange crop.					
c. Butter	There is an increase in the supply of margarine					
d. Lumber	Lower interest rates cause a housing construction boom; lumberjacks' wages fall significantly.					
e. Wine	The cost of growing grapes falls; consumer income decreases.					