

Pulling it all together!

Supply and Demand Review Situations:

1. Dick's Sporting Goods goes out of business. What is the impact on the supply of basketballs in Raleigh?
2. A hurricane destroys the orange groves in Florida. What is the impact on the supply of Orange Juice?
3. The price of gas increases, decreasing the consumer demand for large SUVs. What happened to the supply of SUVs?
4. Nike moves their factory from the U.S. to China to avoid having to pay its workers minimum wage. What is the impact on the supply of Nike's shoes?

A Fully labeled Supply & Demand Graph

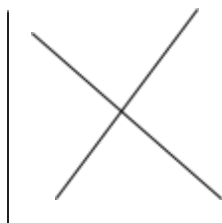
Shortage and Surplus:

- If the market price is above the equilibrium price, quantity supplied is greater than quantity demanded, creating a **surplus**.
- If the market price is below the equilibrium price, quantity supplied is less than quantity demanded, creating a **shortage**.

Supply & Demand shifts.

Before you start, label the graph with S1, D1, and E1. Circle whether the scenario is impacting Supply or Demand. Then graph the shift, label the new line (S2 OR D2) and label the new Equilibrium point (E_2).

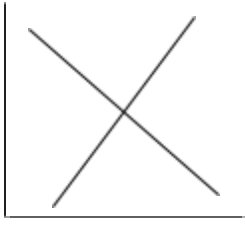
- a) A hurricane destroys a large portion of orange groves in Florida. What is the impact on Orange Juice?



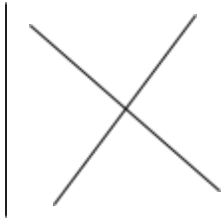
Does this impact Supply or Demand?

b) Food Lion advertises a sale on Pepsi. What is the impact on Coca-Cola?

Does this impact Supply or Demand?

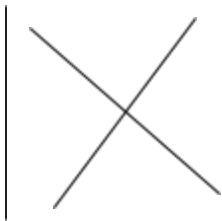


c) Demand increases for Nintendo Wii. What happens to the sale of **Nintendo Wii games**?



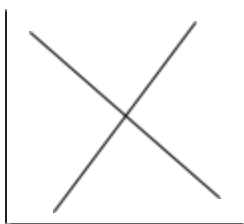
Does this impact Supply or Demand?

d) Government subsidies have dramatically lowered the cost of cotton. What is the impact on clothing?



Does this impact Supply or Demand?

e) Low carb foods become really popular with the success of low-carb diets. What is the impact on high-carb foods like pasta and white bread?



Does this impact Supply or Demand?

f) N.C. General Assembly passes a law raising minimum wage to \$8.00/hr, raising the **disposable incomes** of teenagers. What is the impact on demand for video games?



Does this impact Supply or Demand?