

5 Factors affecting Supply

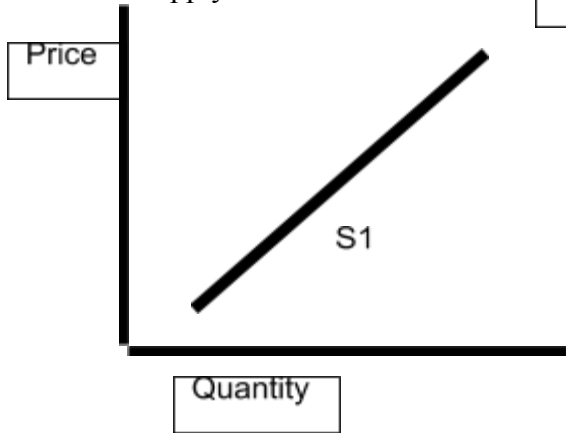
1. **Number of suppliers:** more suppliers = _____
2. **Government Regulations:** tighter government regulation of production makes it more expensive to supply goods → decrease in supply
3. **Taxes:** Higher taxes _____ business costs (supply _____), lower taxes reduces them (supply _____)
4. **Subsidies:** gov't _____ to an individual, business, or group to reduce the cost of production.
5. **Producer Expectations:** If producers think that consumer demand will _____, then they _____ supply. If they think demand will _____ then they increase _____.

PRACTICE.C CREATE YOUR OWN FOR 6-7.

Scenario	Supply factor	SUPPLY Increase or decrease?	Graph
1. Congress just voted to raise taxes on corporations to pay for entitlement programs	TAXES	DECREASE	
2. Congress just passed a bill giving all corn producers \$2 for every bushel of corn produced			
3. Congress requires all businesses to give male employees 1 month of paternity leave			
4. A new industrial park was built in Franklin County.			
5. Producers think that demand is going to drop for Regular TVs when all TVs go to Hi-Def.			
6.			
7.			

NOTES: SUPPLY!

→ The Supply Curve:



As price _____, quantity supplied _____

Supply Schedule

- **Supply:** measures how much producers are willing to make at various prices
- **Ex. Pizza Supply Schedule.**
 - How many pizzas are supplied at \$1.00? _____
 - As the price of pizza increased what happened to supply? _____
 - What do you think prevents a producer from selling goods at the high prices?

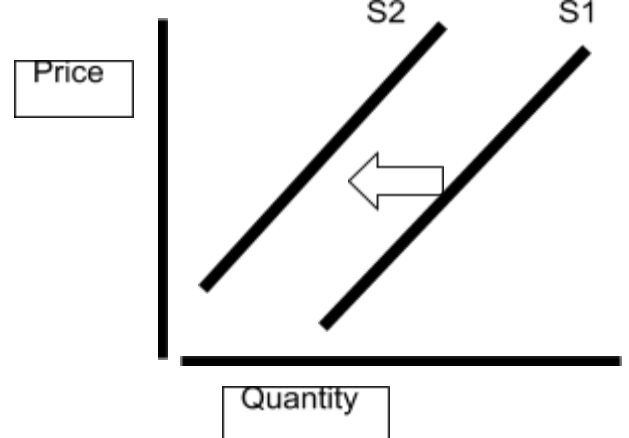
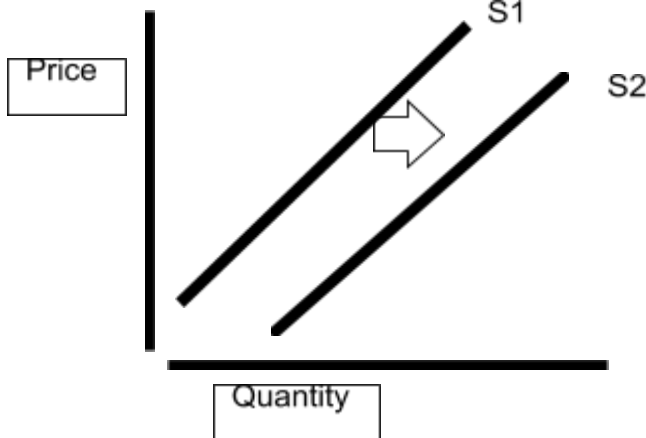
Pizza Supply Schedule	
Price	Quantity
\$0.50	1
\$1.00	2
\$1.50	5
\$2.00	7
\$2.50	8

→ **The Law of Supply:**

- As price goes _____ quantity goes _____
- As price goes _____ quantity goes _____
- Producers make more goods/services at _____ prices than they do at _____ prices.

→ **Illustrating a supply shift:**

Supply Increase = _____ Supply Decrease = _____



→ Why does Supply shift?

- Supply can _____ (move _____) and _____ (move _____) depending on certain conditions in the market.
- STOP and Think...if it reduces the cost of production (_____ to produce) then supply of that product went ____.