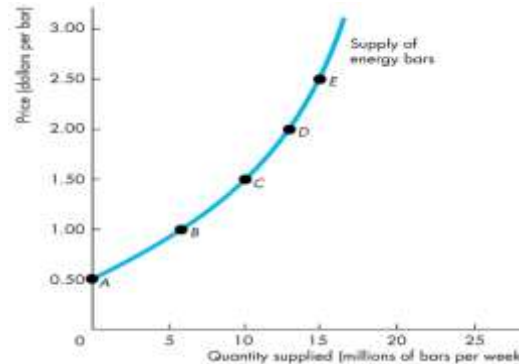


Law of Supply and quantity supplied:

- The "**law of Supply**" states that changes in the quantity supplied of a good are **positively** related to changes in its price
- Change **the Price** of the good → Change in **quantity supplied** → **Movement** along the supply curve



Questions on this part:

The quantity supplied of a good is-----

- A) the same thing as the quantity demanded at each price.
- B) the amount that the producers are planning to sell at a particular price during a given time period.**
- C) equal to the difference between the quantity available and the quantity desired by all consumers and producers.
- D) the amount the firm would sell if it faced no resource constraints.

The "law of supply" states that, other things remaining the same, firms produce-----

- A) more of a good the less it costs to produce it.
- B) less of a good the more it costs to produce it.
- C) more of a good the higher its price.**
- D) less of a good as the required resources become scarcer.

A fall in the price of a good causes producers to reduce the quantity of the good they are willing to produce. This fact illustrates-----

- A) the law of supply.**
- B) the law of demand.
- C) a change in supply.
- D) the nature of an inferior good.

Which of the following leads to a movement along the supply curve for wheat but does not shift the supply curve for wheat?

- A) a fall in the price of wheat**
- B) an increase in the cost of machinery used to wheat
- C) perfect weather conditions that resulted in a large wheat crop
- D) a decrease in the number of wheat producers

Which of the following results in a movement along the supply curve of spinach but does not shift the supply curve of spinach?

A) Disastrous weather that destroys half of this year's spinach crop.

B) A rise in the price of spinach.

C) An increase in wages for workers in spinach fields.

D) Great weather that produces a bumper spinach crop this year.

Which of the following will NOT shift the supply curve for pick-up trucks?

A) a technological advance.

B) an increase in the price of a resource used to produce pick-up trucks.

C) a change in the number of firms supplying pick-up trucks.

D) a change in the price of pick-up trucks.

Each point on a supply curve represents the lowest price for which a supplier can profitably sell another unit.

True

A decrease in the quantity supplied is represented by a movement up the supply curve.

False

A decrease in the price of Apple shifts the supply curve of apple rightward.

False

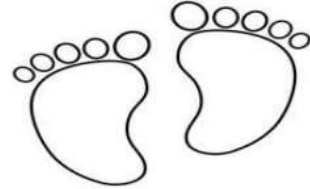
Factors: (INSTEP)

- Change **Factors** → Change in **Supply** → **Shift** the Supply curve.

❖ At given price level, the Main factors that change supply are:

“I.N.S.T.E.P”

1. **I** nputs (-)
2. **N** umber of suppliers (+)
3. **S** tate of nature (-)
4. **T** echnology (+)
5. **E** xpected future prices (-)
6. **P** rices of related goods produced
 - (substitute (-) or complementary (+))



- **Questions on this part:**

Which of the following is NOT one of the factors that influences the supply of a product?

- A) technology
- B) income**
- C) number of suppliers
- D) expected future prices

Changes in which of the following shifts the supply curve of hamburgers?

- A) a rise in the price of soda, a complement for hamburgers
- B) new research that establishes a link between hamburgers and heart problems
- C) an increase in the price of meat used to produce hamburgers**
- D) an economy-wide decrease in income because of a long recession

Which of the following decreases the supply of restaurant meals?

- A) Waiters get a pay raise.**
- B) Consumers' incomes increase, and restaurant meals are a normal good.
- C) Consumers' incomes decrease, and restaurant meals are a normal good.
- D) The price of movies, a complement to restaurant meals, falls.

An increase in technology for producing personal computers leads to-----

- A) an increase in the demand for personal computers.
- B) a decrease in the demand for personal computers.
- C) an increase in the supply of personal computers.**
- D) a decrease in the supply of personal computers.

A severe drought has damaged this year's lettuce crop. The initial effect on the lettuce market is a

- A) decrease in the demand for lettuce.
- B) decrease in the supply of lettuce.**
- C) decrease in both the demand and supply of lettuce.
- D) rightward movement along the demand curve for lettuce.

Auto workers negotiate a wage increase. This leads the supply of cars decreases.

True

Growers expect that the price of a bushel of wheat will increase in one month. This belief results in an increase in current supply of wheat.

False

Over the past decade technological improvements that have lowered the cost of producing an automobile have increased the supply but not the demand for automobiles

True

Disastrous weather that destroys about half of this year's orange crop shifts the supply curve for oranges.

True

An increase in the number of producers of a good increase the supply of that good and shifts the supply curve to the left.

False

An increase in the price of meat used to produce hamburgers shifts the supply curve of hamburgers.

True

If a producer can use resources to produce either good A or good B, then A and B are substitutes in production.

True

A bakery can produce either cakes or cookies. If the price of cookies rises, then the supply curve of cake shifts rightward.

False

An increase in the number of suppliers in a market result in a rightward shift in the supply curve

True

A technological advance shifts the supply curve.

True