1. Price

![Demand Curve](image)

Quantity demanded (Per week)

2. The law of demand reveals that an increase in price leads to a decrease in quantity and vice versa. As such, the market demand curve shows the summation of all the individual demand curves.

3. The determinants of demand are price of other related goods and services, population, income, expectation, tastes, and advertising. In case one of the determinants changes,
it causes a shift in the current demand curve. As a result, if it increases, the demand curve shifts to the right and vice versa.

4. It is possible to note a change between a change in quantity demand through the curve and shift in the prevailing demand curve. Hence, change in demand reflects decreasing or increasing, as well as, quantity in contraction or expansion of the demand of goods and services.

5. a. The demand for small cars rises. Therefore, the demand curve shifts to the right.
   b. The demand for small cars increases, thus, the demand curve shifts to the right.
   c. The demand increases because the available goods are inferior. The major factor is change in income.
   d. The demand curve shifts to the left because of decrease in the demand.
   e. The demand for small cars increases.

6. a. Price per soda
b. The supply curve is upward sloping because suppliers are capable of choosing how much of their goods to produce and bring to the market later over time.

c. The quantity supplied weekly decreases causing its demand to increase.

7. As the prices rise because of the increasing demand for goods, the producers find it more profitable to increase the available quantity for sale. Thus, the supply curve slopes upward from left to right. As such, firms prefer selling at a higher price than a lower price. In addition, firms should demand a higher price with increased production. In case firms produce more commodities, they face challenges regarding increased costs, as well as, capacity constraints. Consequently, organizations have a certain size. Therefore, as production increases, the firm requires adding to increase an extra shift at higher wages. As a result, an organization may run out of the required space, which may require a company to ret from different firm at a higher cost. On the other hand, an organization may have to pay an extra cost to acquire more urgent raw material. As a result, the market supply curve gets derived by horizontally adding the individual curves.

8. The main determinant of supply is the price of the commodity. An increase in price leads to increase in the quantity supplied. An increase in price causes a movement upwards on the supply curve. On the other hand, a decrease in price causes a
movement downwards on the supply curve. There are various non-price determinants of supply such as technology, resource prices, prices of other related goods, taxes and subsidies, number of sellers, and expectations. In case any of the non-price determinants changes, the entire supply curve shifts to the right or to the left because of change in the supply.

9. Supply increases in (a), A technological advance in the methods of producing tires. (d), the expectation that the equilibrium price of auto tires will be lower in the future than currently. (e), A decline in the price of the large tires used for semi-trucks and earth-hauling rigs (with no change in the price of auto tires) and (g), the granting of a 50-cent-per-unit subsidy for each auto tire produced. The supply decreases in (b), a decline in the number of firms in the tire industry, (c), an increase in the prices of rubber used in the production of tires, and (f), the levying of a per-unit tax on each auto tire sold.

10. Buyers are willing to buy more of product A, causing price and quantity to increase in the prevailing market. More of product A is required in order to satisfy the increased demand for the product. On the other hand, as the supplies become scarce, the price increases.

11. The increase in supply lowers the equilibrium price and increases the equilibrium quantity of product A. Quantity demanded increases without a shift in the demand curve because greater supply causes the price to fall.

12. The product price would increase.

13. The price would decrease, as the quantity remains intermediate.
14. The equilibrium price falls as the equilibrium quantity rises. As such, in case both supply and demand increase, the equilibrium quantity rises. Equilibrium price decreases because the increase in supply is greater than the increase in demand.

15. The supply and demand curves would shift left at an equal amount, thus, minimizing the equilibrium quantity and leaving the equilibrium price unchanged.

16. a.

<table>
<thead>
<tr>
<th>Price per soda ($)</th>
<th>Quantity demanded per week</th>
<th>Quantity supplied per week</th>
<th>Shortage or Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>50</td>
<td>250</td>
<td>Surplus</td>
</tr>
<tr>
<td>4</td>
<td>100</td>
<td>200</td>
<td>Surplus</td>
</tr>
<tr>
<td>3</td>
<td>150</td>
<td>150</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>200</td>
<td>100</td>
<td>Shortage</td>
</tr>
<tr>
<td>1</td>
<td>250</td>
<td>50</td>
<td>Shortage</td>
</tr>
</tbody>
</table>

b. The best way to eliminate shortage of something in the market system is through advancement in technology, employing more workers, or buying more resources.

c. Demand: -50x+5

Supply; 50x+1

17. The prices for Christmas Ornament decreases because of the fact that after Christmas holidays, the demand for the product decreases and most of the time is spent on the clearance sales.

18. 100-2Q=10+Q,

90=3Q

Therefore; Q=30 units
Thus, the quantity at equilibrium is equivalent to 30 units.

\[ 100 - 2 \times 30 = 40 \]

The price at equilibrium = $40

19.

(a) Price up; quantity down
(b) Price down; quantity down
(c) Price down; quantity up
(d) Price intermediate; quantity up
(e) Price up; quantity up
(f) Price down; quantity intermediate
(g) Price up; quantity intermediate
(h); price intermediate; quantity down

20.

(a) Price up; quantity down

(b) Price down; quantity down

(c) Price down; quantity up

(d) Price indeterminate; quantity up

(e) Price up; quantity up

(f) Price down; quantity down