

# Changes in Supply

## Class Activity

### DIRECTIONS

On the front side, fictional newspaper headlines illustrate the market for ovens. Determine if the quantity supplied changed (which means only the price of ovens has changed), or if the entire supply has changed. If only quantity supplied changed, circle "No Change." If the entire supply has changed, identify if it was an increase or a decrease, and identify which determinant of supply is responsible. The determinants of supply are listed in the box below. On the back side, you will graph these changes.

### DETERMINANTS OF SUPPLY

#### Events That Increase Supply

- A) Costs of production decrease
- B) Technology improves
- C) Sellers expect good things in the future
- D) More sellers enter the market
- E) Opportunities in different markets are bad
- F) Favorable natural events (e.g. weather)

#### Events That Decrease Supply

- G) Costs of production increase
- H) Technology becomes outdated
- I) Sellers expect bad things in the future
- J) Sellers leave the market
- K) Opportunities in different markets are good
- L) Unfavorable natural events (e.g. weather, war, riots, etc.)

### INTERPRET HEADLINES FROM THE OVEN MARKET

#### 1) Leading Oven Producer Closes Doors

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 2) Maytag Installs Robots on Assembly Line

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 3) No Time for Cooking in Ovens--Microwave Sales Up

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 4) New Oven Models Are a Hit--Sellers Raise Price

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 5) Price of Steel Rises 20%

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 6) New Oven Manufacturer Enters Market

Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

#### 7) Create Your Own: \_\_\_\_\_

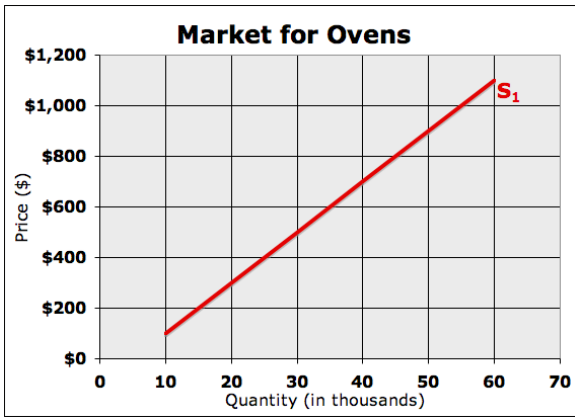
Increase                  Decrease                  No Change

Determinant of Supply: \_\_\_\_\_

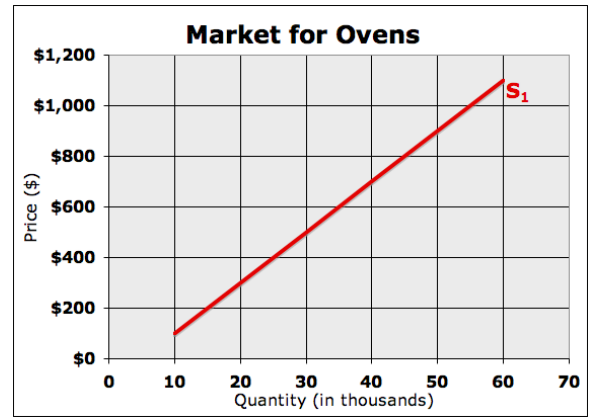
GRAPH CHANGES IN SUPPLY

For each of the headlines listed on the front side, draw the appropriate change in supply on the graph. Remember, an Increase means the line moves to the right, a Decrease means the line moves to the left, and No Change means the line stays the same.

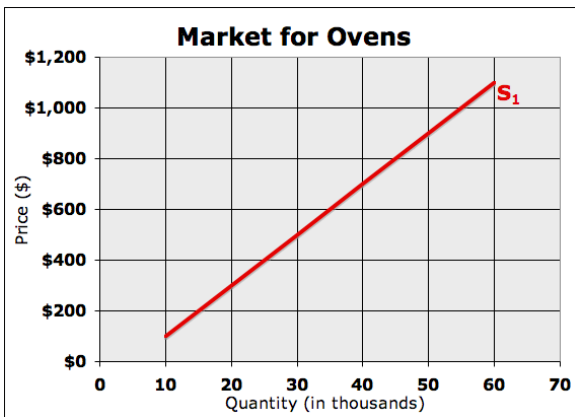
1) **Leading Oven Producer Closes Doors**



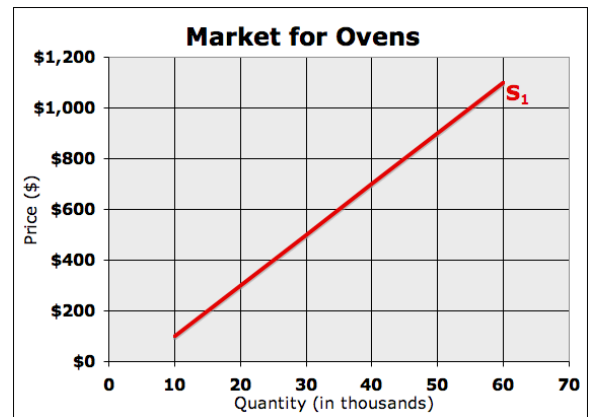
4) **New Oven Models Are a Hit--Sellers Raise Price**



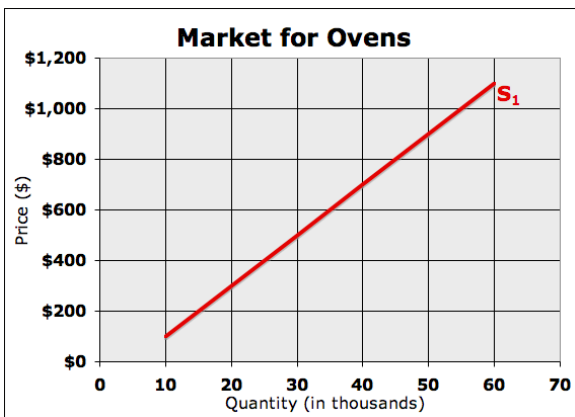
2) **Maytag Installs Robots on Assembly Line**



5) **Price of Steel Rises 20%**



3) **No Time for Cooking in Ovens--Microwave Sales Up**



6) **New Oven Manufacturer Enters Market**

