

Law of Supply

Notes

“LAW OF SUPPLY” TARGETS

Knowledge

Reasoning

Skill

DEFINITION

If all things are equal, _____

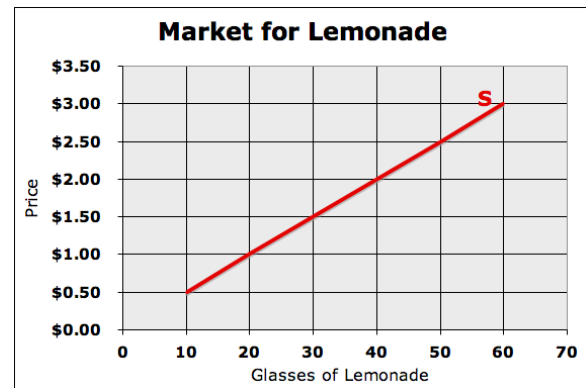
1)

2)

SUPPLY CAN CHANGE IN TWO WAYS

1) **Change in “Quantity Supplied”**

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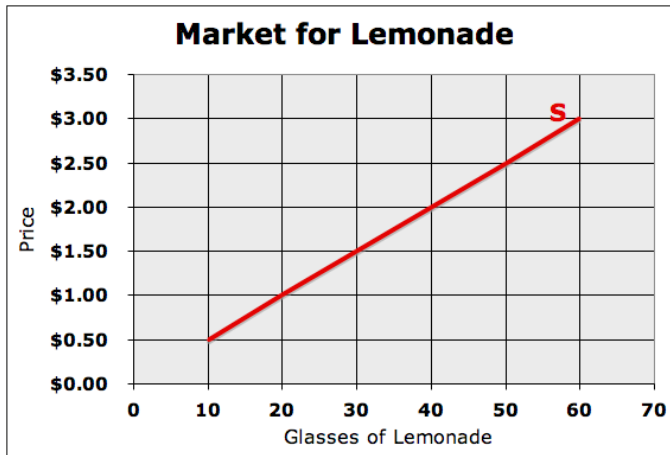
2) **Change in “Supply”**

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YOU DRAW THE GRAPH

Draw an increase in supply.

Increase in Supply



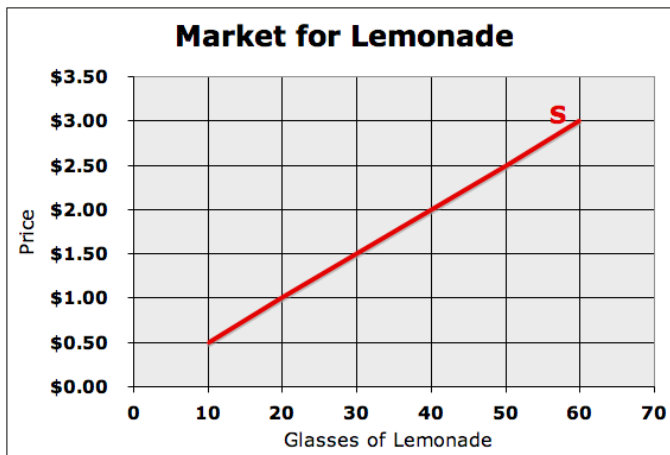
INCREASES SUPPLY

There are six factors that will increase supply.

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

Draw a decrease in supply.

Decrease in Supply



DECREASES SUPPLY

There are six factors that will decrease supply.

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

THE EFFECTS OF SHIFTING SUPPLY

When the supply curve shifts, it affects quantity and price. Complete the table by deciding whether quantity and price increase or decrease for each scenario.

| | Effect on Quantity | Effect on Price |
|--------------------|--------------------|-----------------|
| Increase in Supply | | |
| Decrease in Supply | | |