

NAME _____

PERIOD _____

For each of the following problems, state which curve would shift: the supply curve or the demand curve. Then state whether the curve would shift to the right (an increase in supply or demand), or shift to the left (a decrease in supply or demand). (Hint: Beware of two trick questions!)

Market	Event	Would the demand curve or supply curve shift?	Would the curve shift to the right or left?
wheat	A drought destroys much of the crop.	Supply	Left
redwood lumber	Environmentalists urge consumers to boycott redwood products.		
cigars	A new study shows that smoking cigars results in lots of wrinkles.		
butter	The price of margarine goes up.		
paper	The price of wood pulp rises.		
Hula hoops	Brad Pitt confides to People-magazine that "he gets a big kick out of his hula hoop."		
yachts	The average price of stocks falls by over 20% between now and the end of the year.		
gasoline	Large sports-utility vehicles (like Suburbans and Expeditions) become more popular.		
umbrellas	Heavy rain is forecast.		
tofu	E. Coli bacteria is found in another meat plant.		
gasoline	Two oil supertankers collide.		
hamburger	The price of hamburger rises.		
oranges	There's an early frost which destroys much of the crop.		
apples	A new pesticide is developed which controls tent caterpillars.		
grapes	The National Marines Fisheries Service bans pesticide spraying within 1,000 feet of waterways containing coho salmon.		
wine	The average wage of grape harvesters rises by 10%.		
U.S. cars	The U.S. imposes a tariff on Japanese car imports.		
hospital beds	Scientists discover a pill that cures cancer.		
cement	A 7.9 earthquake hits San Francisco.		
Video rentals	The price of getting cable TV goes up.		
windshields	A new law is passed requiring gravel trucks to cover their loads with tarps.		
Taxi service	Local subway workers go on strike		
Bike helmets	The price of bicycles goes down		
melons	The cost of water goes up.		