

Supply: Introduction/Law of Supply

Exercise 2-3

1) What happens to the supply curve for CDs in the following situations? Why?

a) Cost of materials to make CDs falls.

b) New training and training methods improve worker efficiency and productivity.

c) New innovative processes are introduced dramatically increasing the quantity of CDs that can be pressed and produced.

d) Leading CD manufacturer goes out of business

2) According to the Law of Supply, how does the price affect the quantity offered for sale?

3) List the factors that can cause an increase/decrease in supply.
