ECON 101

TA Worksheet, Module 2 (Demand)

Name:	Date:
1.	Draw a demand curve (label everything). Then, show me (with a picture of a demand curve) he consumers react when price falls. Label the starting point A and the end point B.
2	What's wrong with this statement? "Falling prices have increased demand for electric cars"

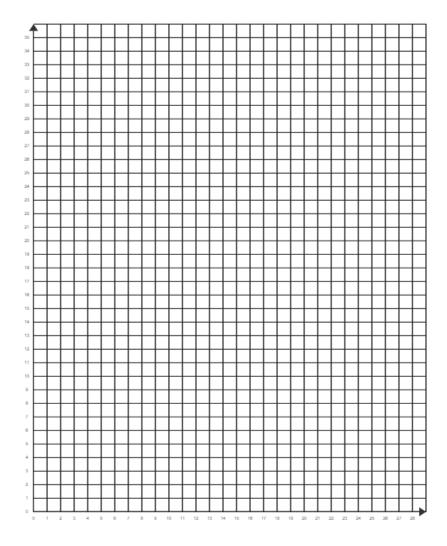
3. Show (with pictures) how demand reacts to an increase in the price of a substitute good.

4. Winter is here. How does that affect the demand side of the market for ice cream? Answer in words and pictures.

5. Suppose you have \$10 to spend. Slices of pizza cost \$2 each. Cans of Coke cost \$1 each. Given the following utility data, how much of each will you buy to maximize your utility?

Slices of	TU	MU	MU/P	Cans of	TU	MU	MU/P
Pizza				Coke			
1	20			1	20		
2	36			2	35		
3	46			3	45		
4	52			4	50		
5	54			5	53		
6	51			6	52		

- 6. On the graph below #7, graph this demand curve (solve for P first to get inverse demand): Q=20-2P.
- 7. Then graph the curve that would show what happens if D shifts out by 4. What's the equation for that new curve?



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