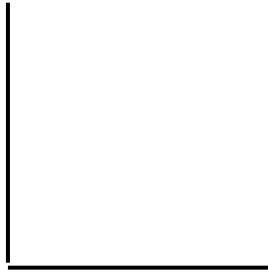


## Problem Set I: Changes in Demand

Name: \_\_\_\_\_

Directions: Draw a demand curve then illustrate the effect of each situation on the demand curve.  
Label the initial demand curve **D<sub>1</sub>** and the new demand curve **D<sub>2</sub>**. Remember to label both axes.

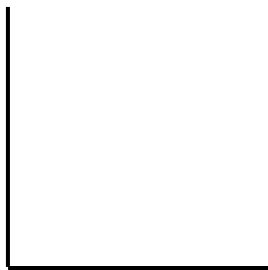
1. Consumer income falls. Illustrate the effect on the demand curve for boats.



What determinant of demand is being described?

\_\_\_\_\_

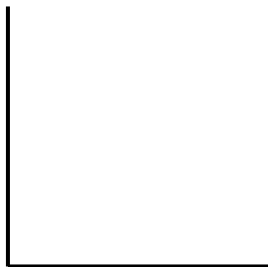
2. Because of a recent airliner crash, people are worried about travelling by plane. Illustrate what happens to the demand curve for airplane tickets.



What determinant of demand is being described?

\_\_\_\_\_

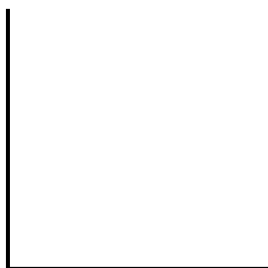
3. The price of butter decreases. Illustrate what happens to the demand curve for margarine.



What determinant of demand is being described?

\_\_\_\_\_

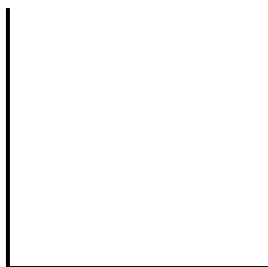
4. The price of computers goes down. Illustrate what happens to the demand for printers.



What determinant of demand is being described?

\_\_\_\_\_

5. The price of **DVD players** increases. Illustrate the effect on the demand curve for **DVD players**.



What determinant of demand is being described?

\_\_\_\_\_

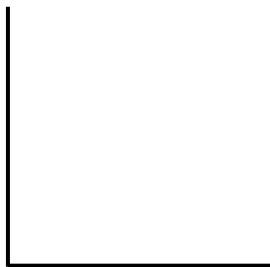
## Problem Set II: Changes in Demand

Name: \_\_\_\_\_

Directions: Draw a demand curve then illustrate the effect of each situation on the demand curve.

Label the initial demand curve **D<sub>1</sub>** and the new demand curve **D<sub>2</sub>**. Remember to label both axes.

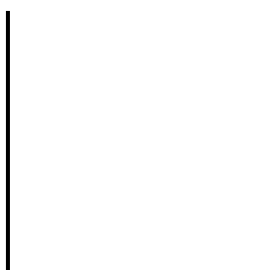
1. If the price of blue jeans goes down, draw the change in demand for khaki pants on the graph.



What determinant of demand is being described?

\_\_\_\_\_

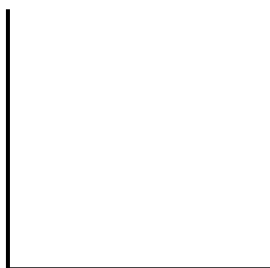
2. Digital cameras become easier to use. Illustrate the effect on the demand curve for digital cameras.



What determinant of demand is being described?

\_\_\_\_\_

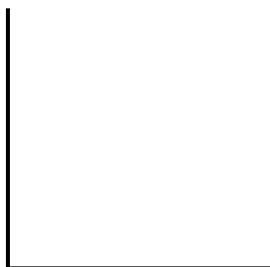
3. The price of coffee makers increases. Draw the change in demand for ground coffee on the graph.



What determinant of demand is being described?

\_\_\_\_\_

4. If consumer income increases, draw the change in demand for Handheld GPS devices on the graph.



What determinant of demand is being described?

\_\_\_\_\_

**Identify whether each event represents (1) a shift of the demand curve or (2) a movement along the demand curve.**

1. A store owner finds that customers are willing to pay more for umbrellas on rainy days.
2. When XYZ Telecom, a long-distance telephone service provider, offered to reduce rates on weekends, the volume of weekend calling increased sharply.
3. People buy more long-stem roses the week of Valentine's Day, even though the prices are higher.
4. The sharp rise in the price of gasoline leads many commuters to join carpools in order to reduce their gasoline purchases.