**SSEMI3 The student will explain how markets, prices, and competition influence economic behavior.**

a. Identify and illustrate on a graph factors that cause changes in market supply and demand.

For each item draw a picture or give an example of an increase in supply with that determinant and a decrease in supply with that determinant. Then show the shift on the curves.

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|  | Determinant | Definition | Picture | Graph shift  (Fill in blank and draw new curve) |
| **R** | Cost of resources | Increase in resource prices increases the production costs thus shrinking profits and vice versa. Increase in resource prices reduces the supply and the supply curve is shifted leftwards whereas decrease in resource prices increases the supply and the supply curve is shifted rightwards. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_\_ |
| **O** | Profit opportunities of other goods | Going green is all the rage! Items that are organic or all natural are more desired these days! Supply will increase for organic items, while supply for non-organic items will decrease. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_\_ |
| **T** | Taxes and Subsidies | Taxes reduces profits, therefore increase in taxes reduce supply whereas decrease in taxes increase supply. Subsidies reduce the burden of production costs on suppliers, thus increasing the profits. Therefore increase in subsidies increase supply and decrease in subsidies decrease supply. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_\_ |
| **T** | Technology | Improvement in technology enables more efficient production of goods and services. Thus reducing the production costs and increasing the profits. As a result supply is increased and supply curve is shifted rightwards. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_\_ |
| **E** | Future Price Expectations | When they expect the future price to increase, they will employ more resources to increase their output and this may increase current supply as well. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_\_ |
| **N** | Number of sellers | Greater the number of sellers, greater will be the quantity of a product or service supplied in a market and vice versa. Thus increase in number of sellers will increase supply and shift the supply curve rightwards whereas decrease in number of sellers will decrease the supply and shift the supply curve leftwards. |  | Supply will shift \_\_\_\_\_\_\_\_ |
|  | Supply will shift \_\_\_\_\_\_\_ |