



Supply

BECO-3310 Fall 2025

Short review: Demand

Change in demand

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Change in Quantity Demanded

Variable**A Change in This Variable . . .**

Price of the good itself

Represents a movement along the demand curve

Income

Shifts the demand curve

Prices of related goods

Shifts the demand curve

Tastes

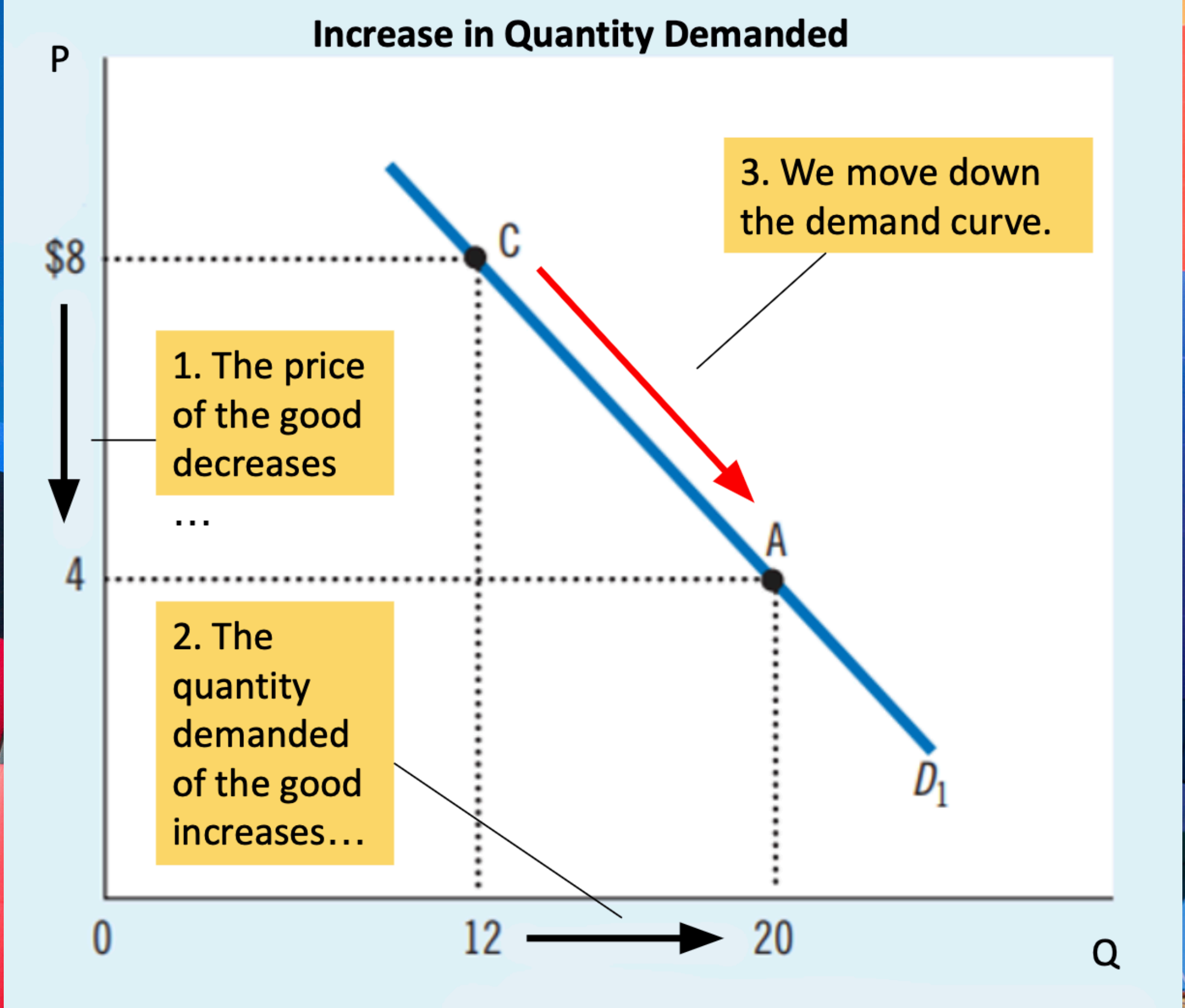
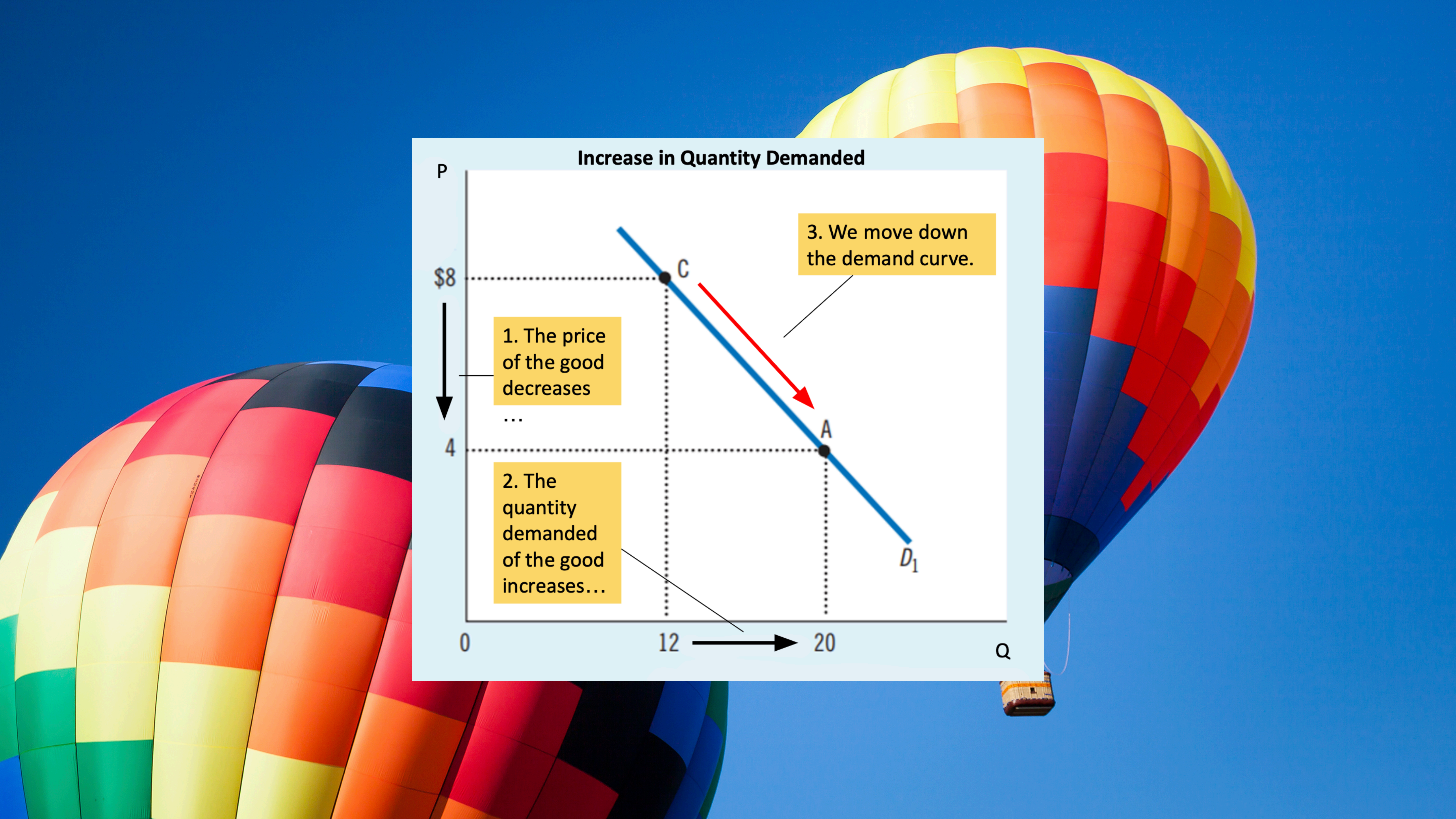
Shifts the demand curve

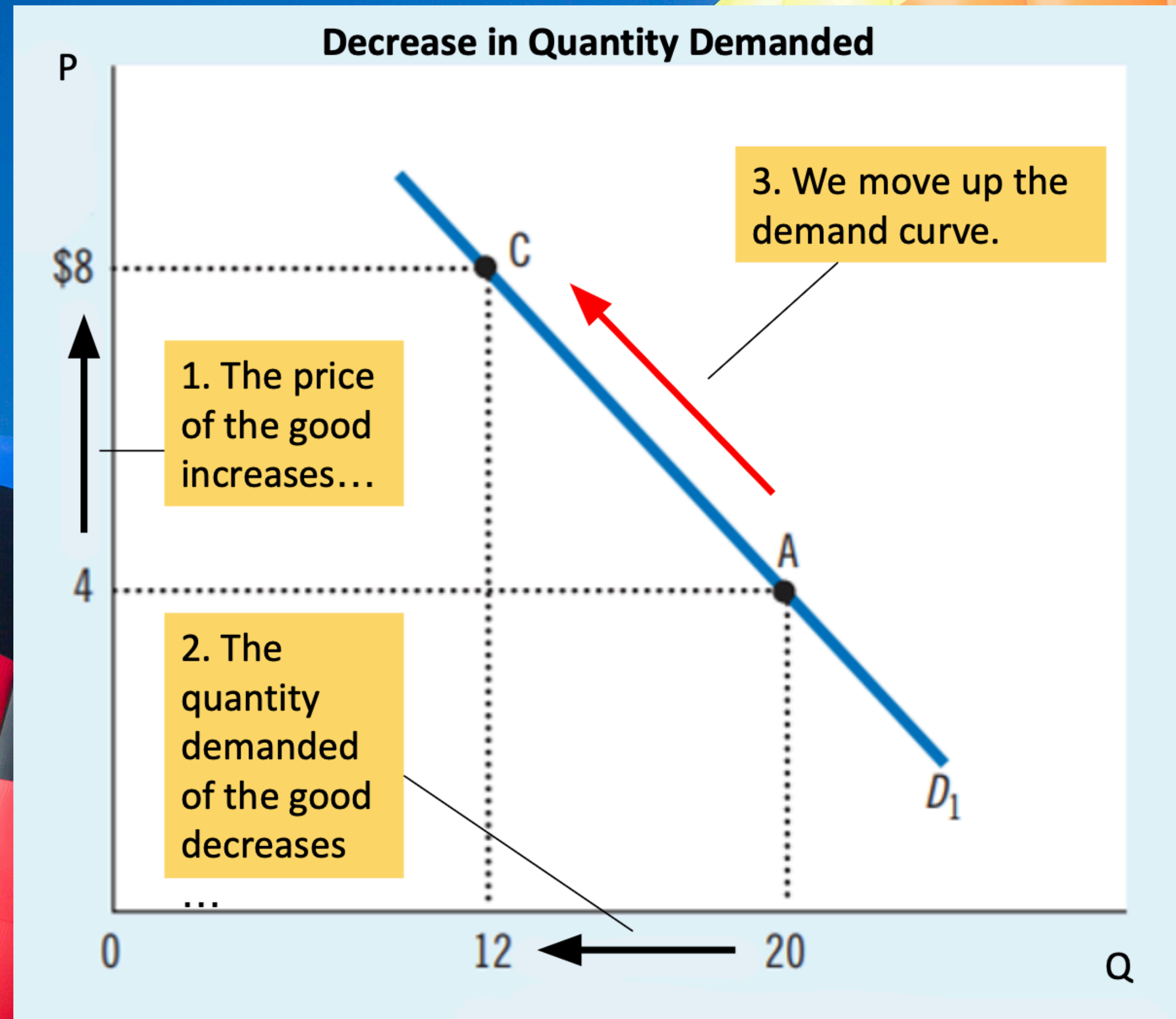
Expectations

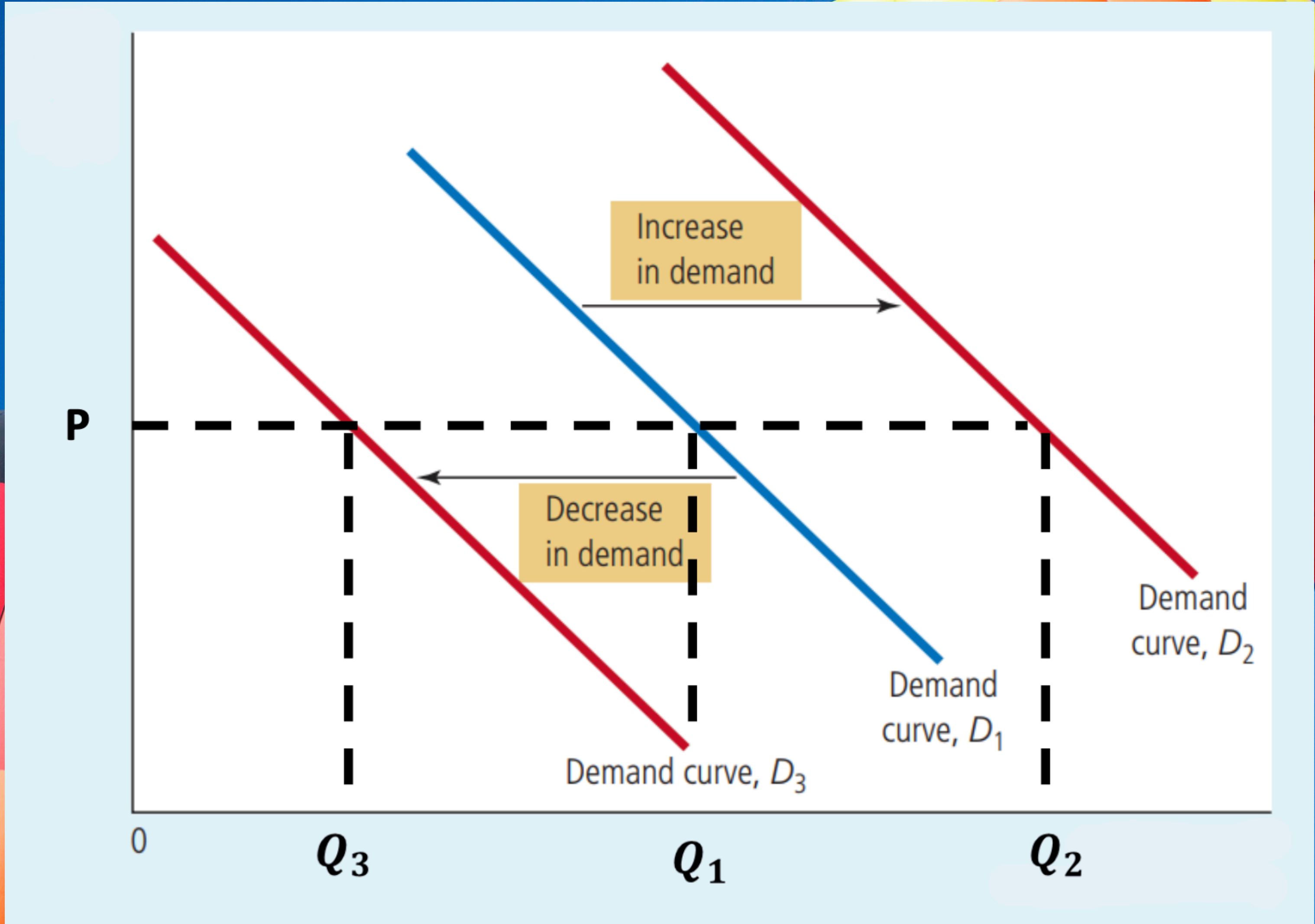
Shifts the demand curve

Number of buyers

Shifts the demand curve



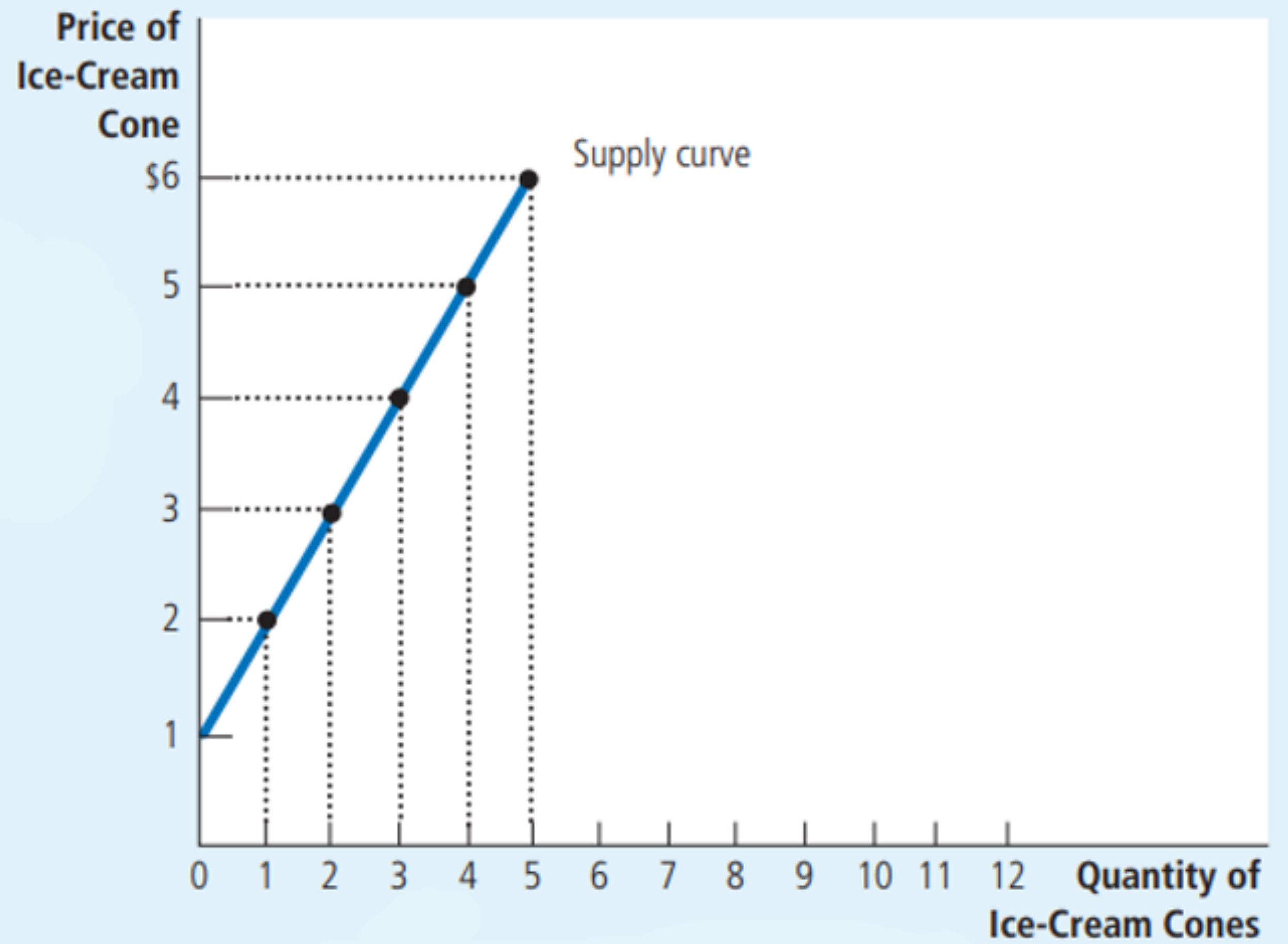




End short review

Supply

Price of Ice-Cream Cone	Quantity of Cones Supplied
\$0	0 cones
1	0
2	1
3	2
4	3
5	4
6	5



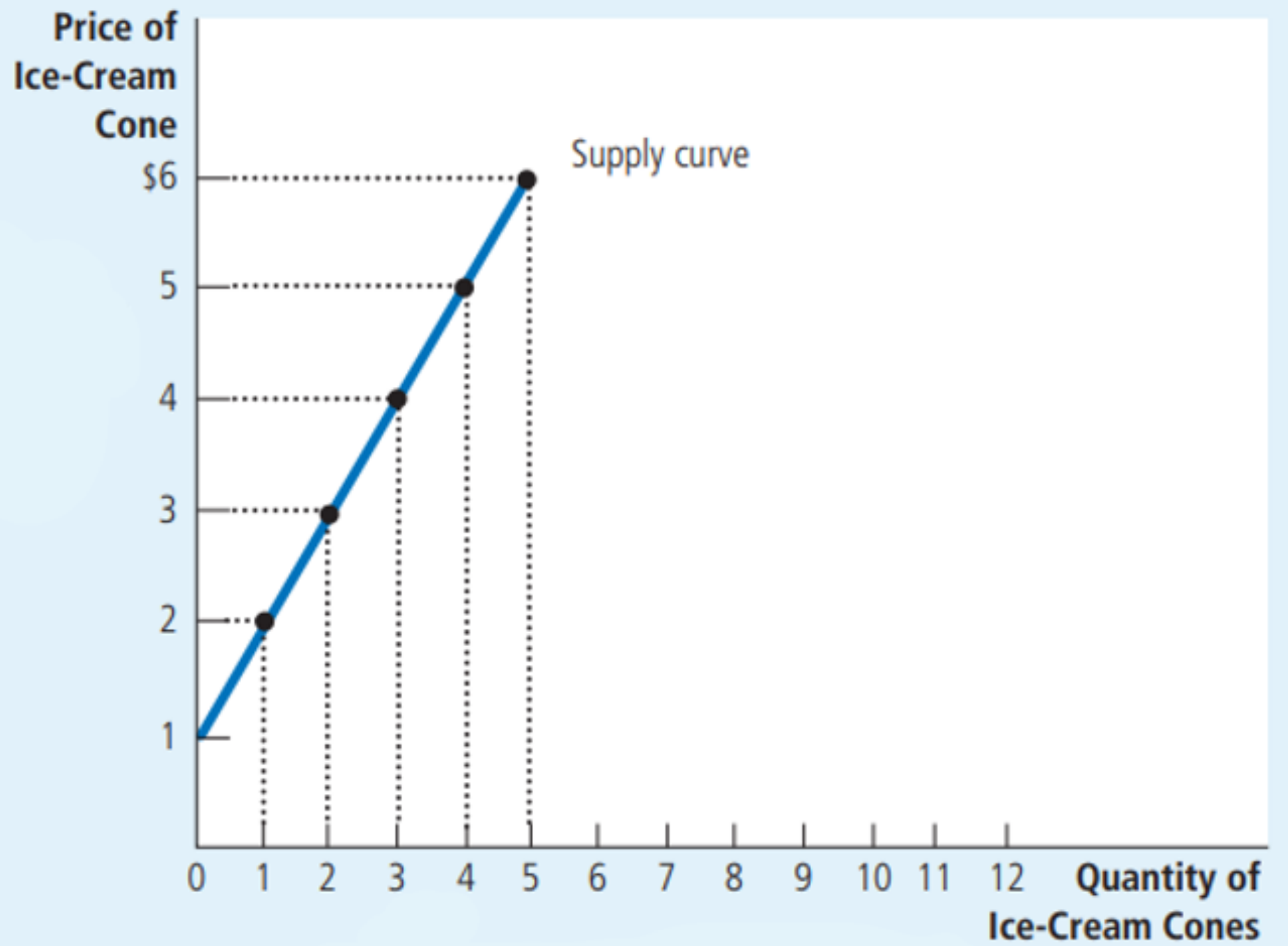
Supply slopes up

- Why?
 - People respond to prices.
- At a higher price, producers are willing to sell more of a good.
 - More profitable \$\$\$

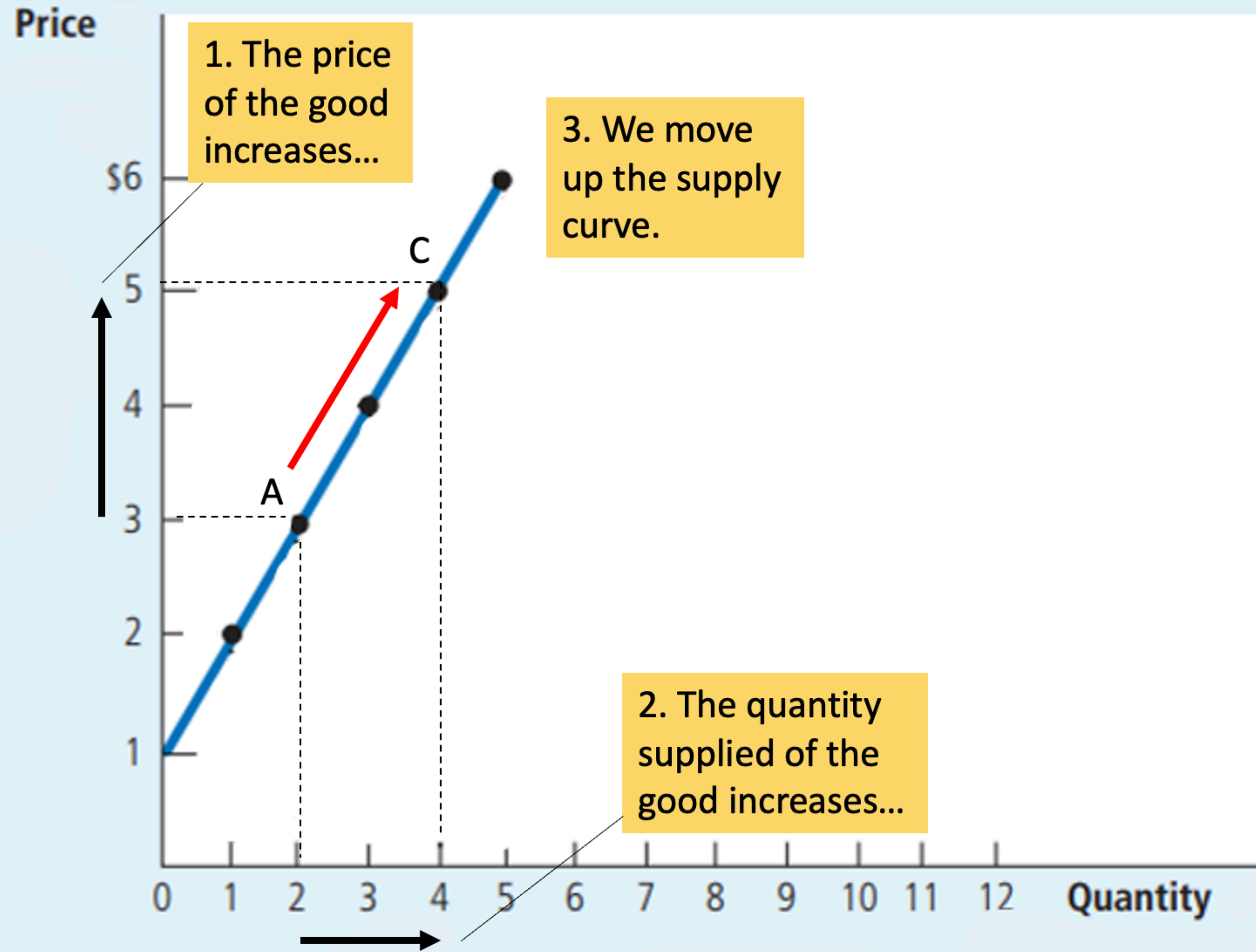
The Law of Supply

- When the price of a good falls, the quantity supplied of the good decreases.
- When the price of a good rises, the quantity supplied of the good increases.
- ALL ELSE CONSTANT (Ceteris paribus).

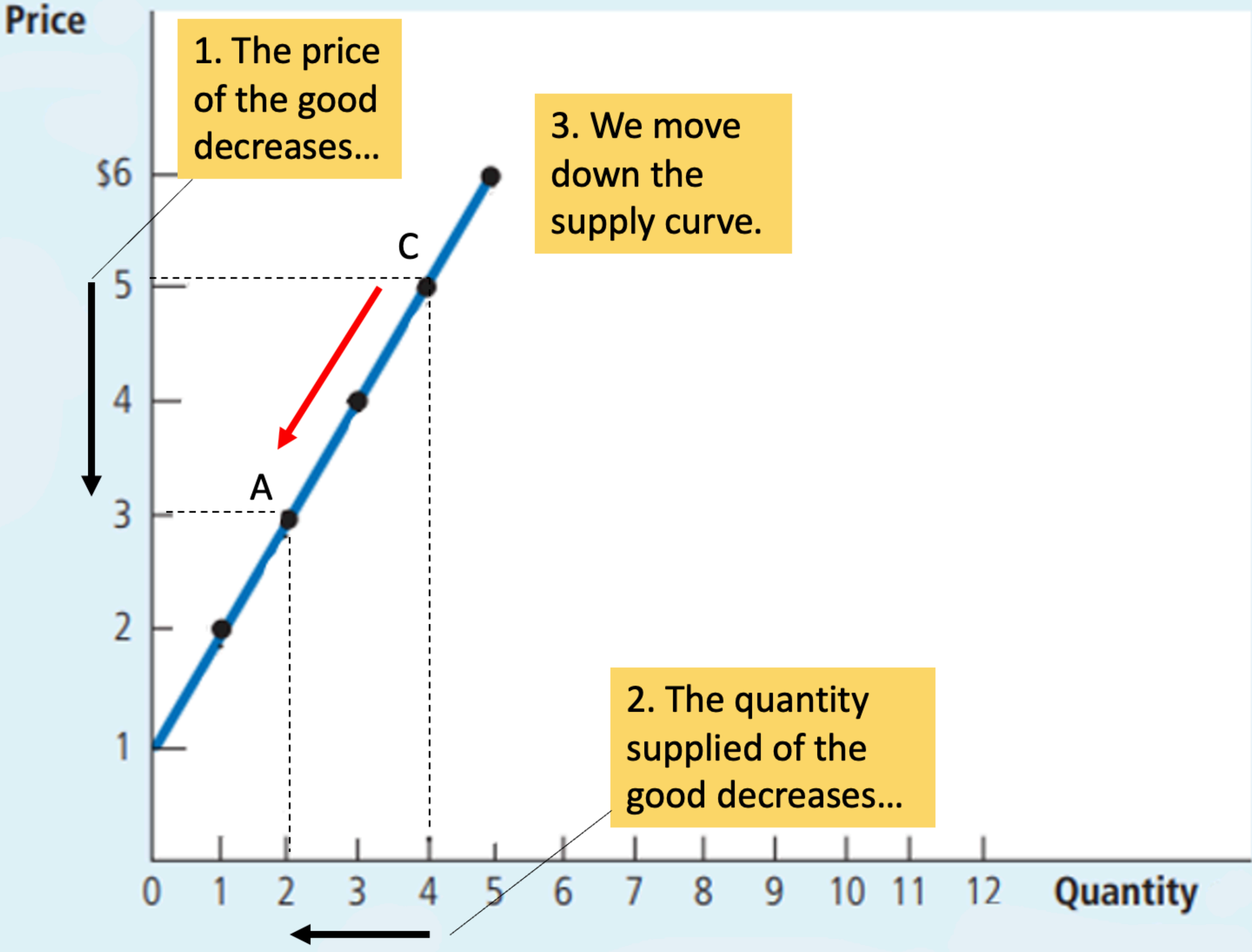
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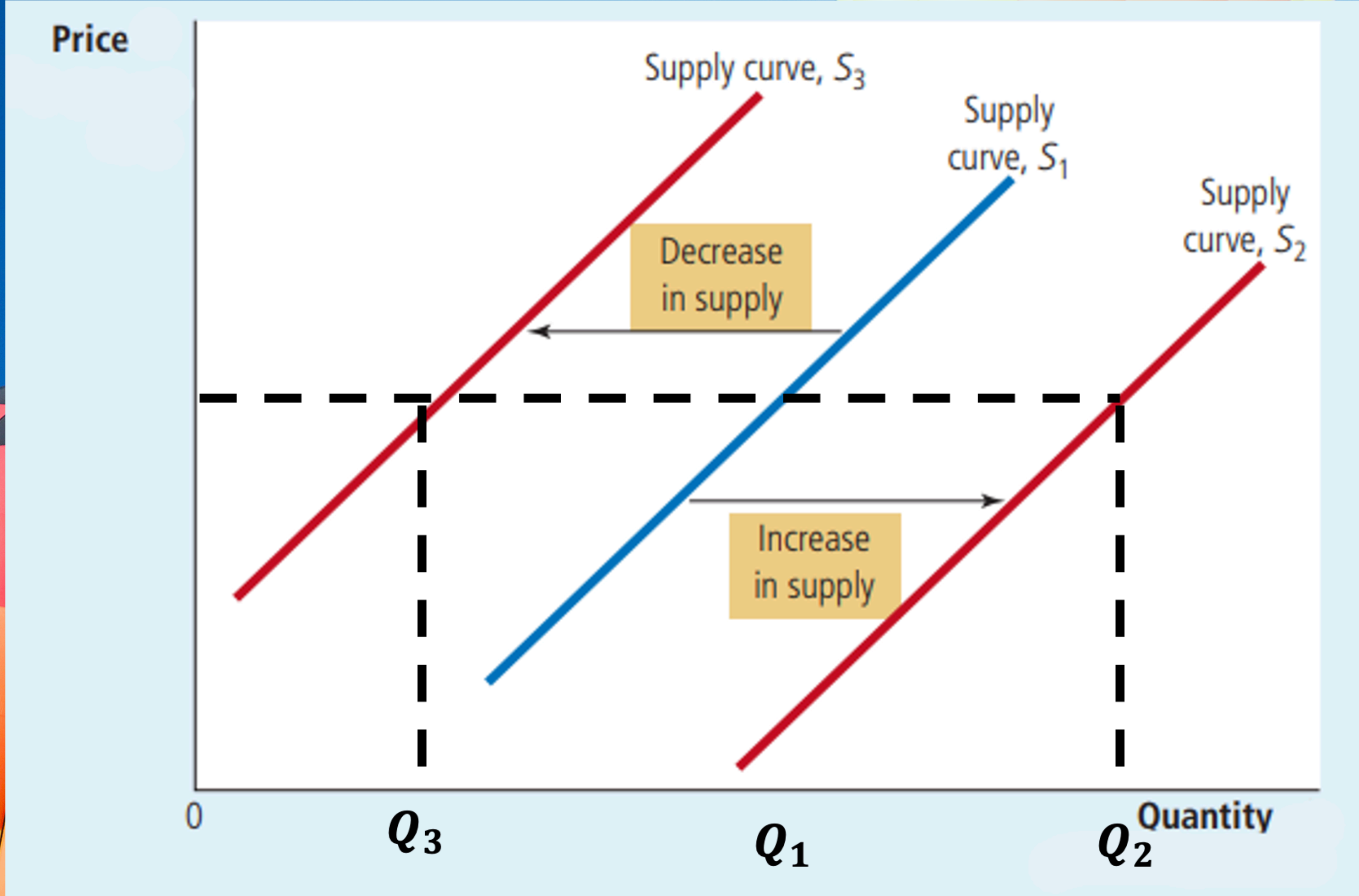


Increase in Quantity Supplied



Decrease in Quantity Supplied





Change in Supply

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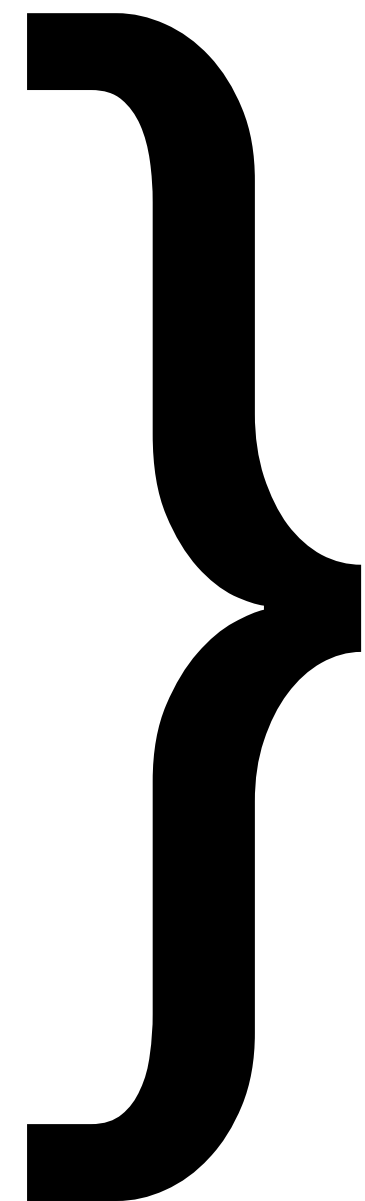
Change in Quantity Supplied

Variables that Shift Supply

- Technology
- Expectations
- Number of Sellers
- Changes in Opportunity Costs
- Prices of Inputs

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Non-price
Determinants

Technology

- Advances in technology can decrease the cost of producing a good. More goods will be supplied to in the market.
- Examples:
 - Assembly Line
 - Industrial Revolution and Machine Development
 - The Internet, AI, etc.

Expectations

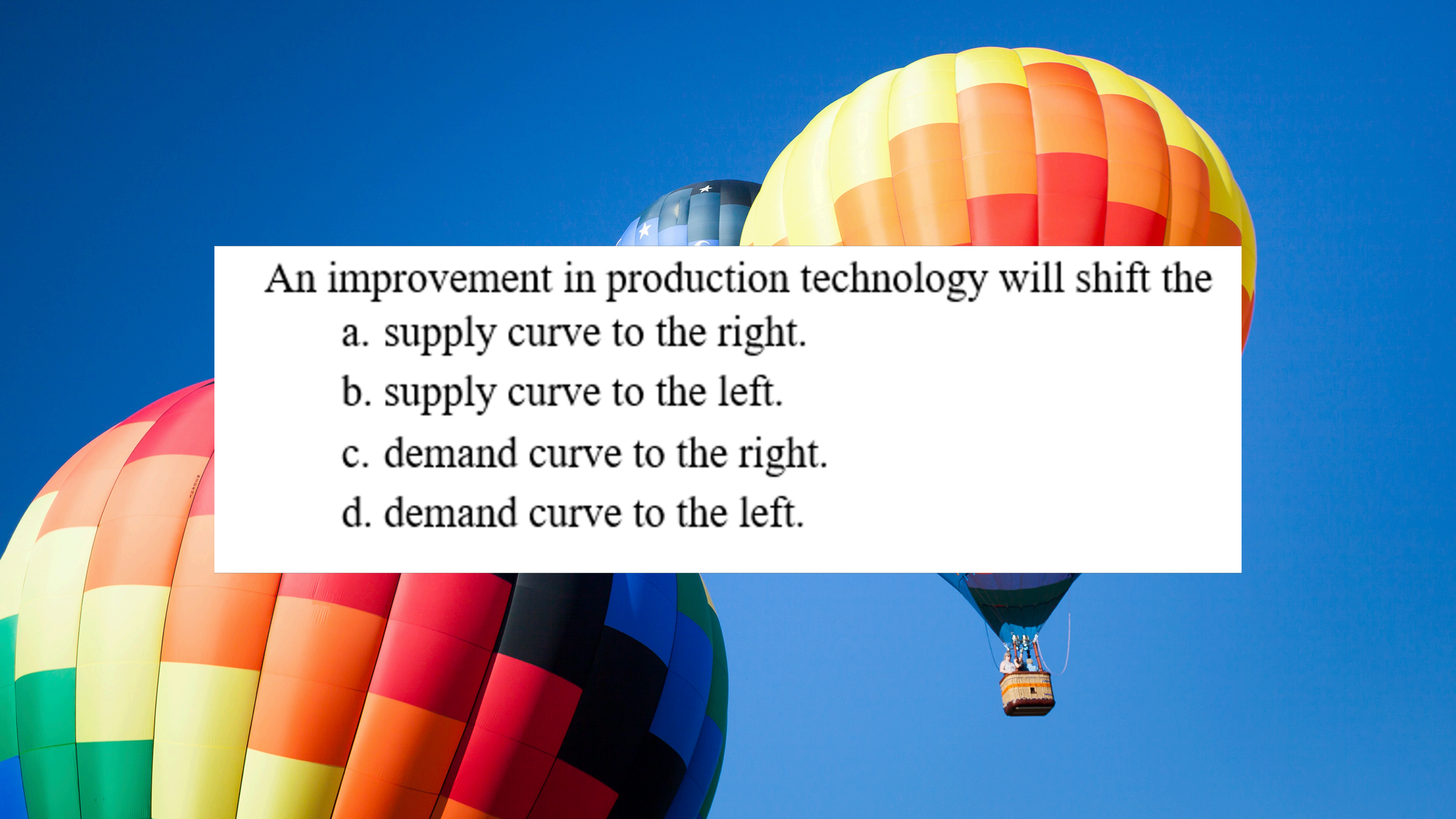
- Expectations about the future can influence the decisions producers make.
- The price system has a lot to say about this!
 - If you expect the price of a good to increase tomorrow, you may produce less today at the current price. You would store more of your goods.
 - If you expect the price of a good to decrease tomorrow, you may produce more today at the current price. You would store less of your goods.

Number of Sellers

- If more producers enter the market, then more of the good will be supplied in the market.
- If producers leave the market, then less of the good will be supplied in the market.

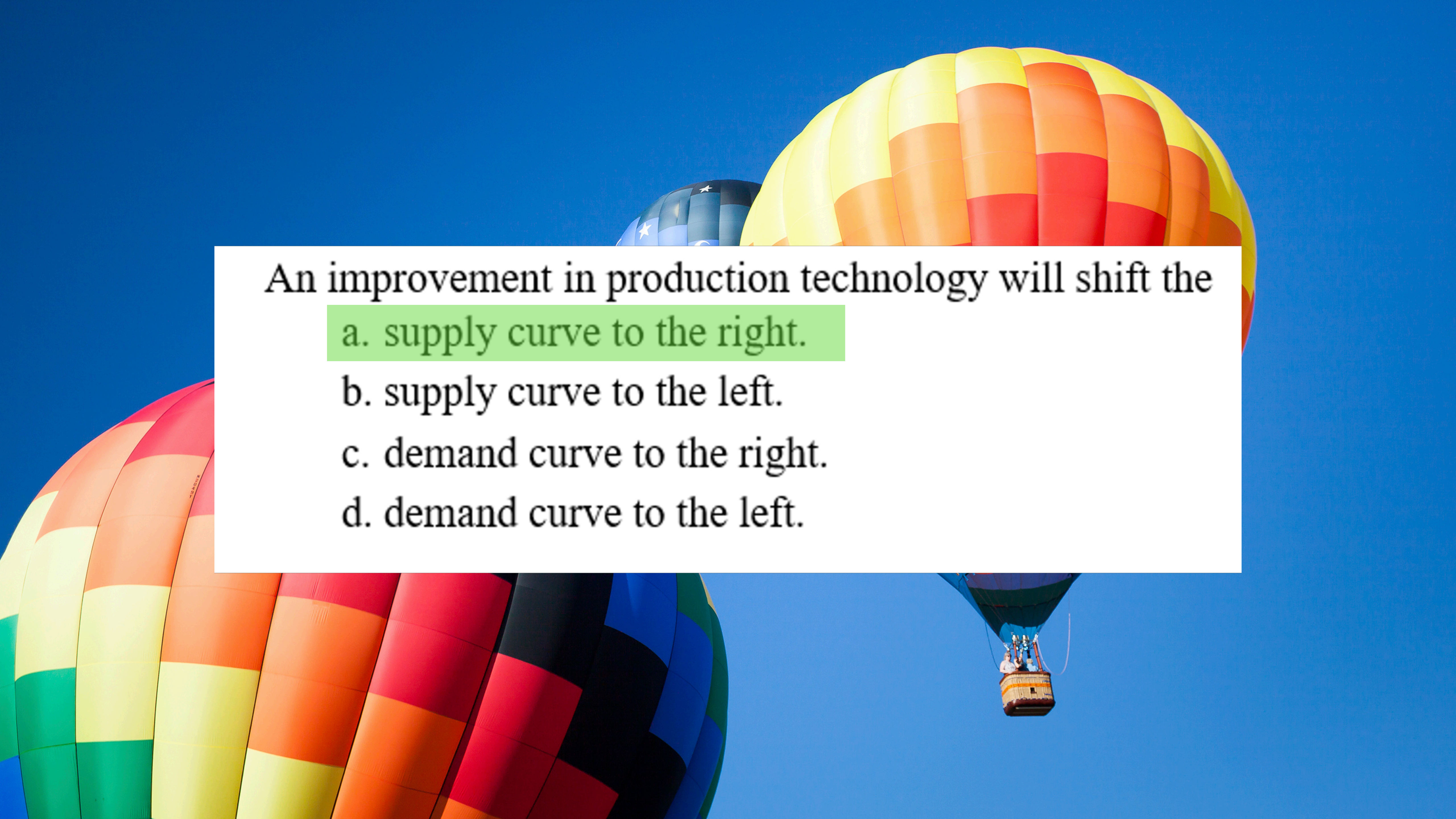
Changes in Opportunity Costs

- A producer doesn't have to use his inputs to produce a certain good.
 - Ex: A farmer has multiple uses for his land.
- If the opportunity cost of producing a good increases, the quantity supplied of the good in the market falls. Supply shifts left.
- If the opportunity cost of producing a good decreases, the quantity supplied of the good in the market rises. Supply shifts right.



An improvement in production technology will shift the

- a. supply curve to the right.
- b. supply curve to the left.
- c. demand curve to the right.
- d. demand curve to the left.



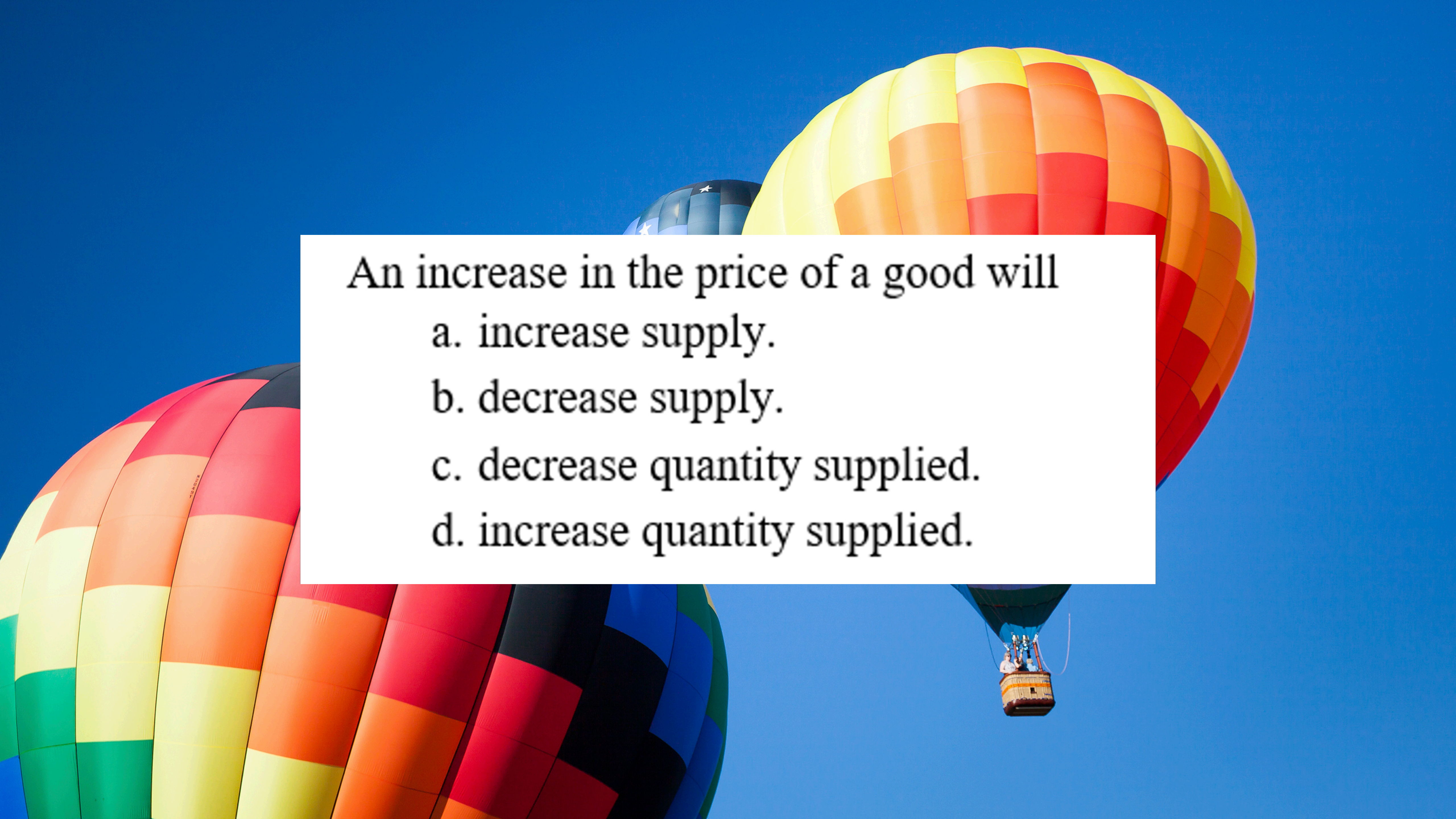
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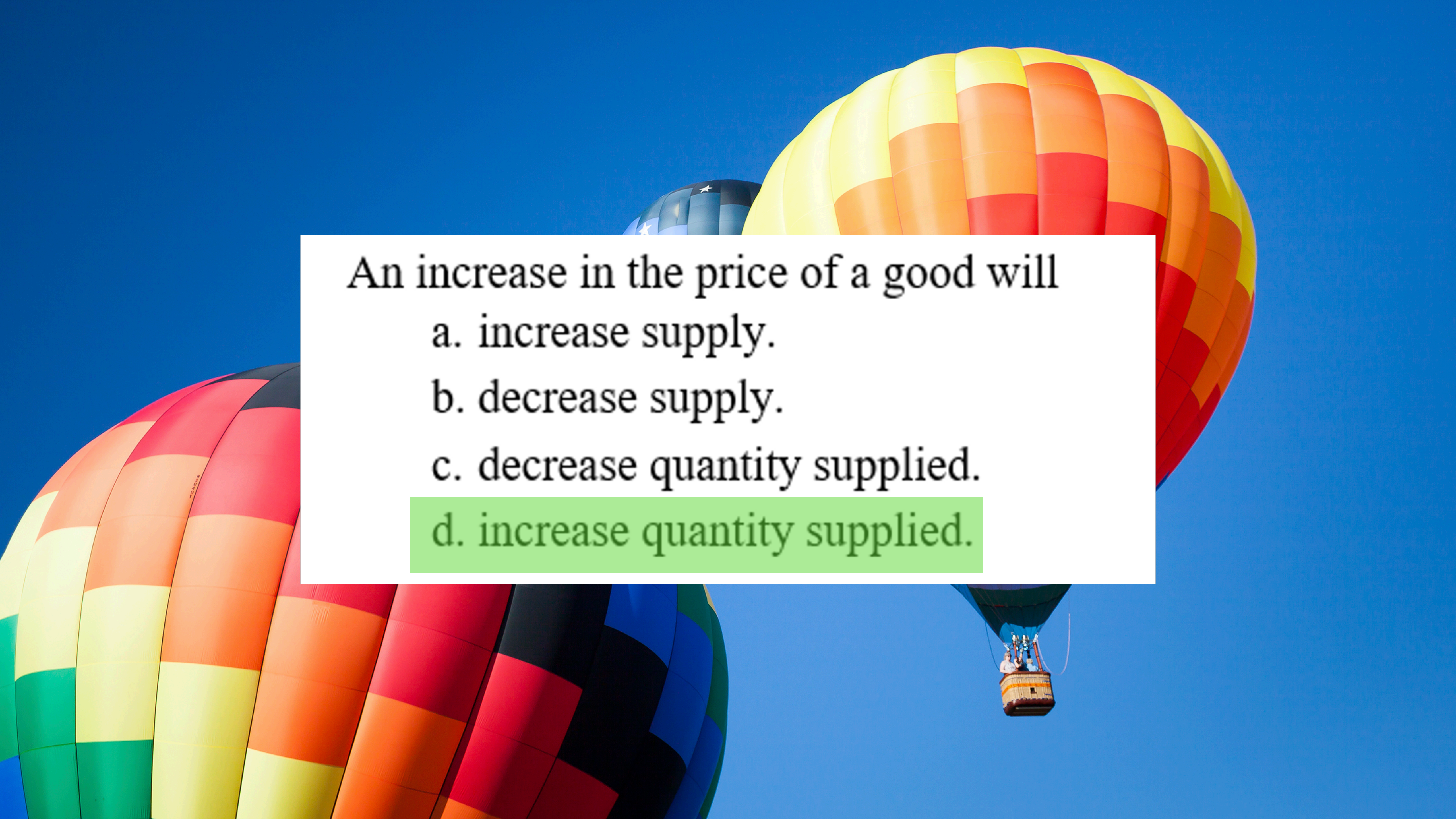
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An increase in the price of a good will

- a. increase supply.
- b. decrease supply.
- c. decrease quantity supplied.
- d. increase quantity supplied.



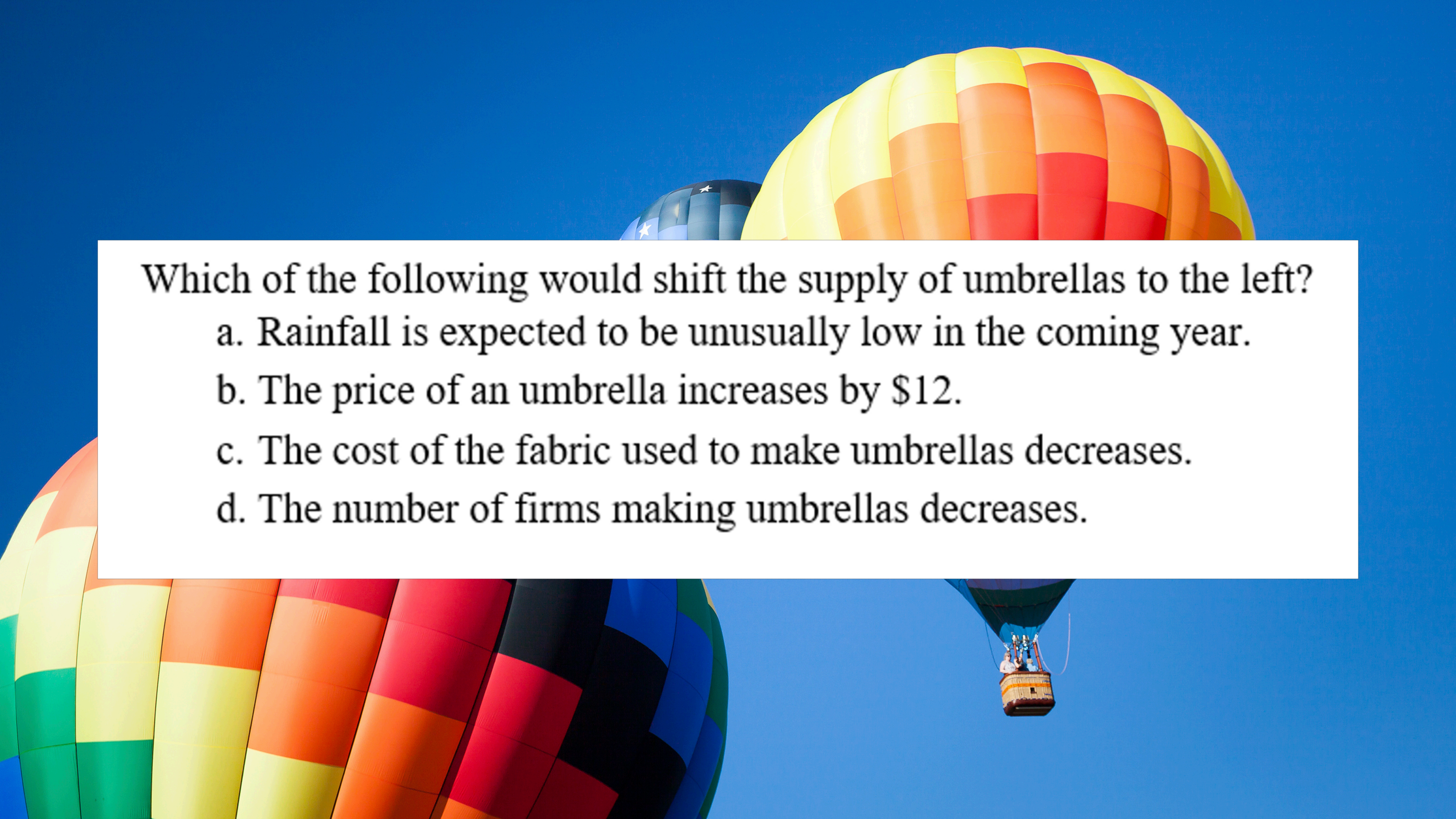
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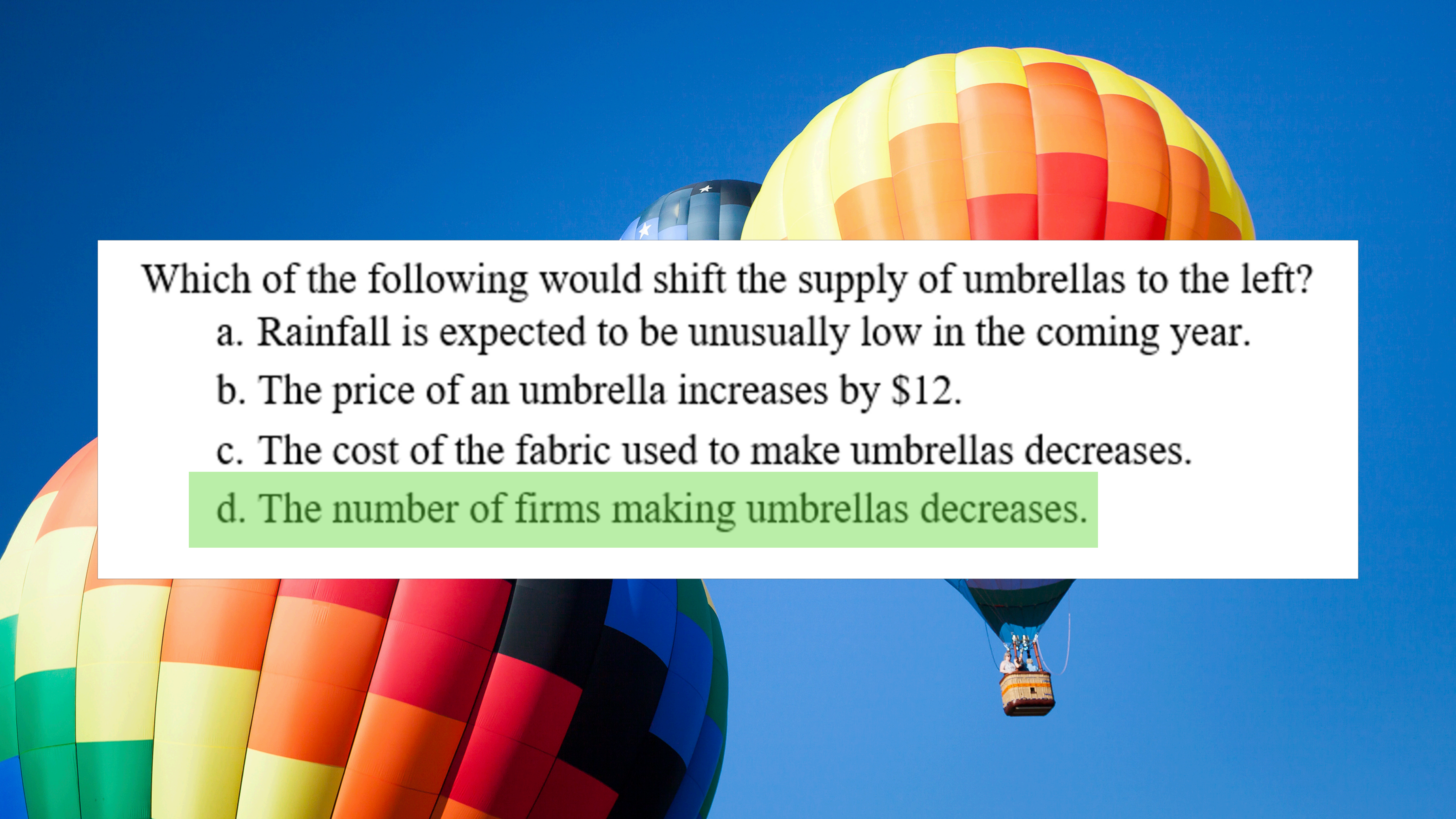
c. decrease quantity supplied.

d. increase quantity supplied.



Which of the following would shift the supply of umbrellas to the left?

- a. Rainfall is expected to be unusually low in the coming year.
- b. The price of an umbrella increases by \$12.
- c. The cost of the fabric used to make umbrellas decreases.
- d. The number of firms making umbrellas decreases.



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Variable**A Change in This Variable . . .**

Price of the good itself

Represents a movement along the supply curve

Input prices

Shifts the supply curve

Technology

Shifts the supply curve

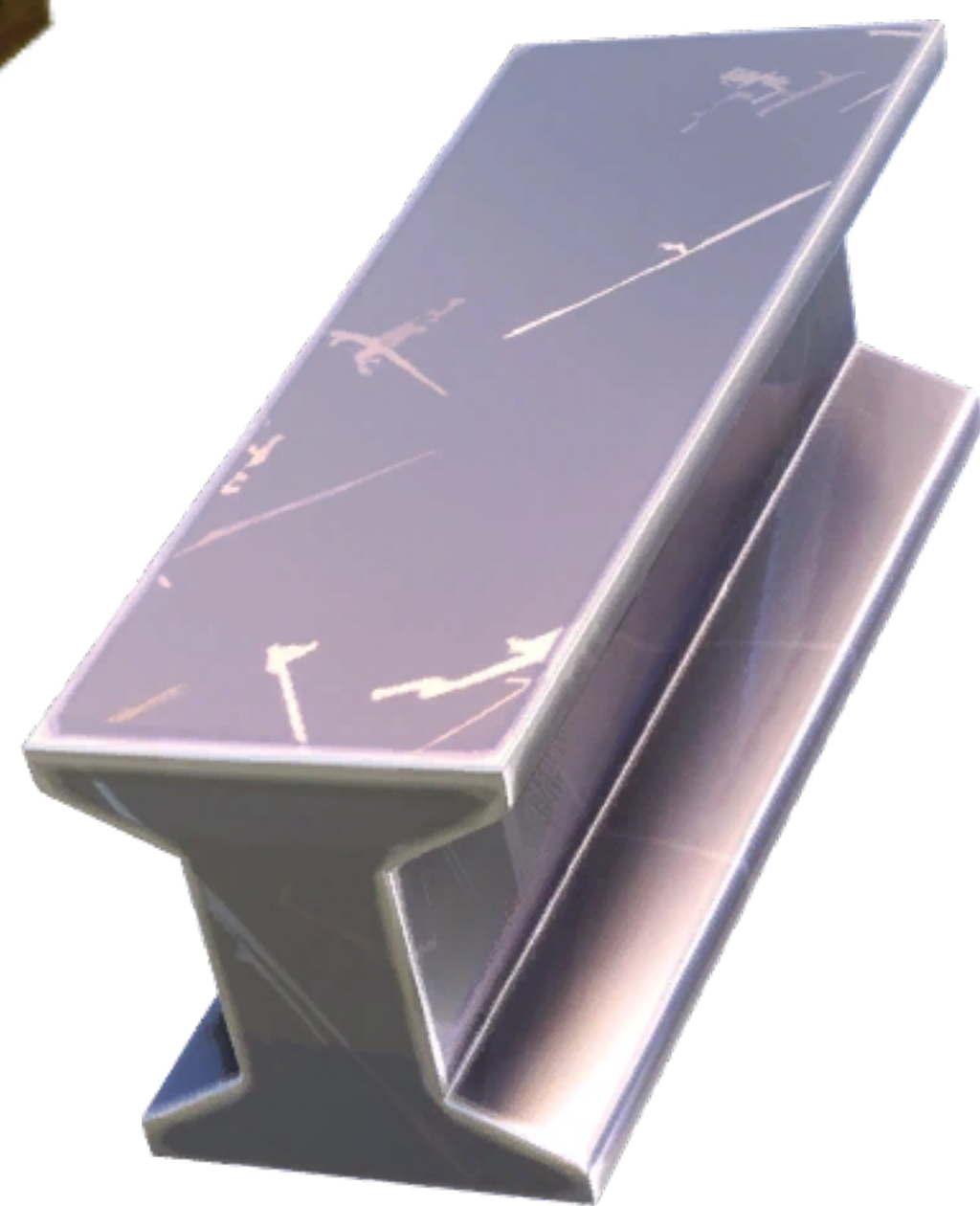
Expectations

Shifts the supply curve

Number of sellers

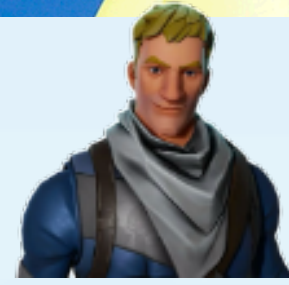
Shifts the supply curve



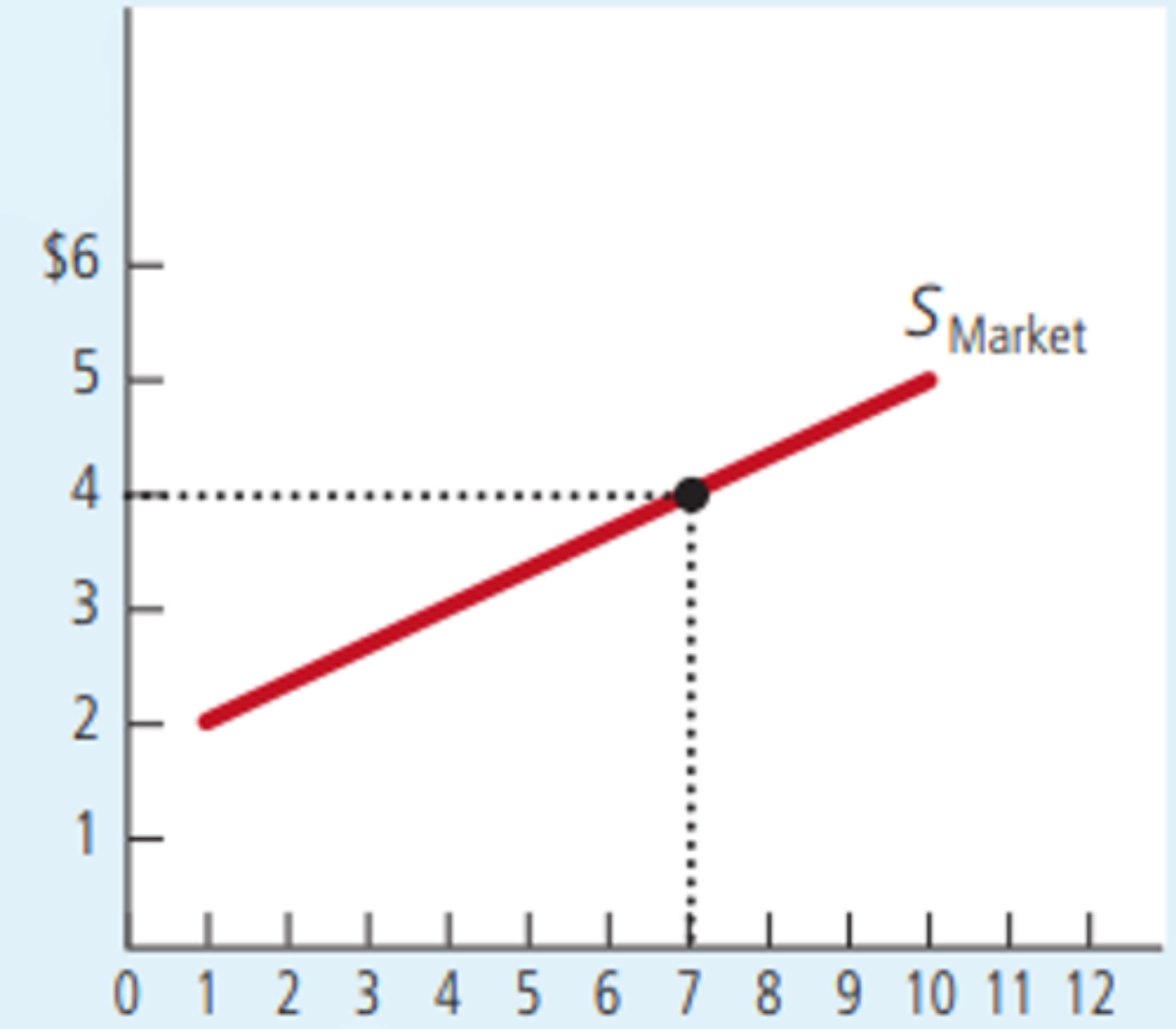
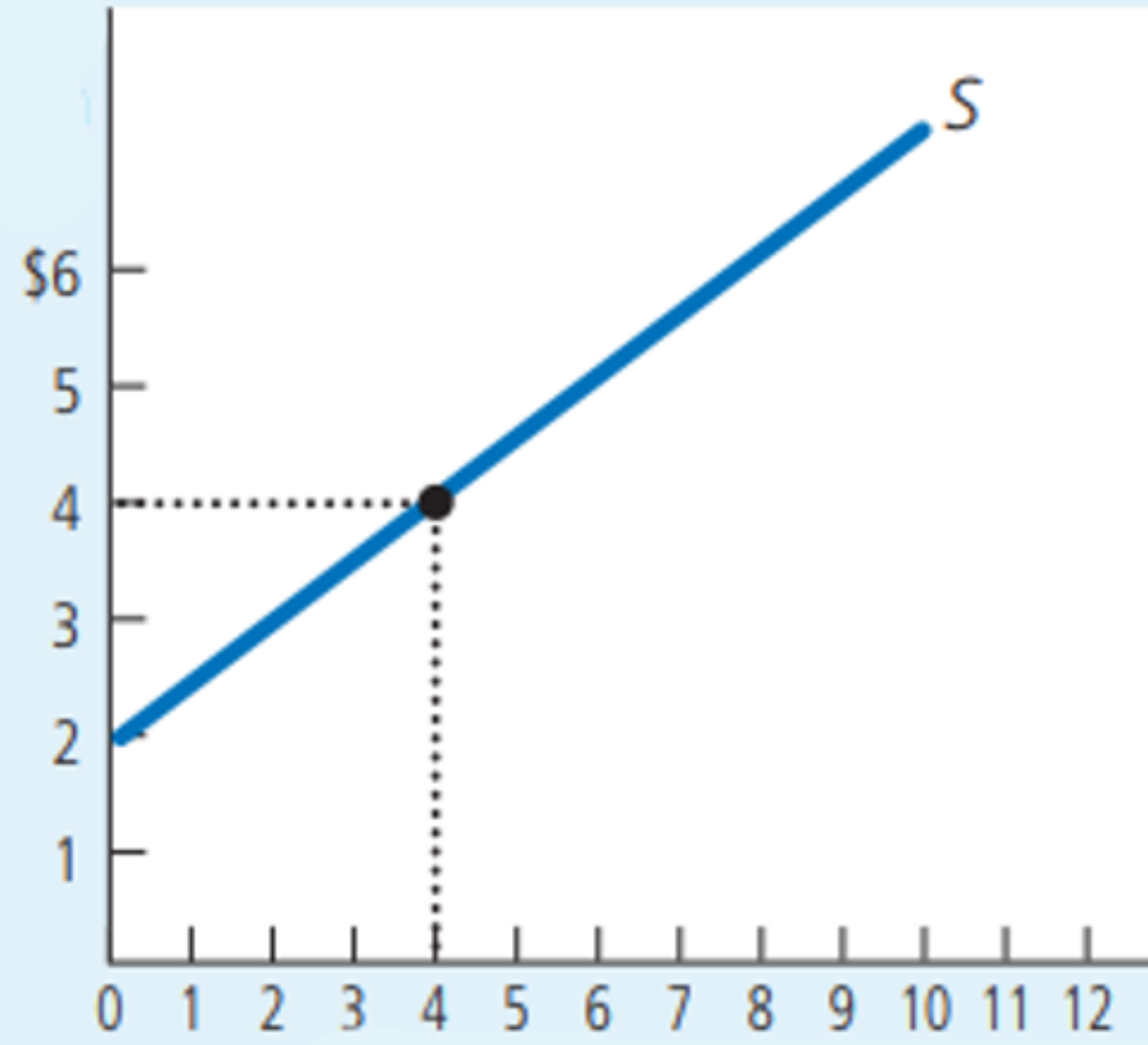
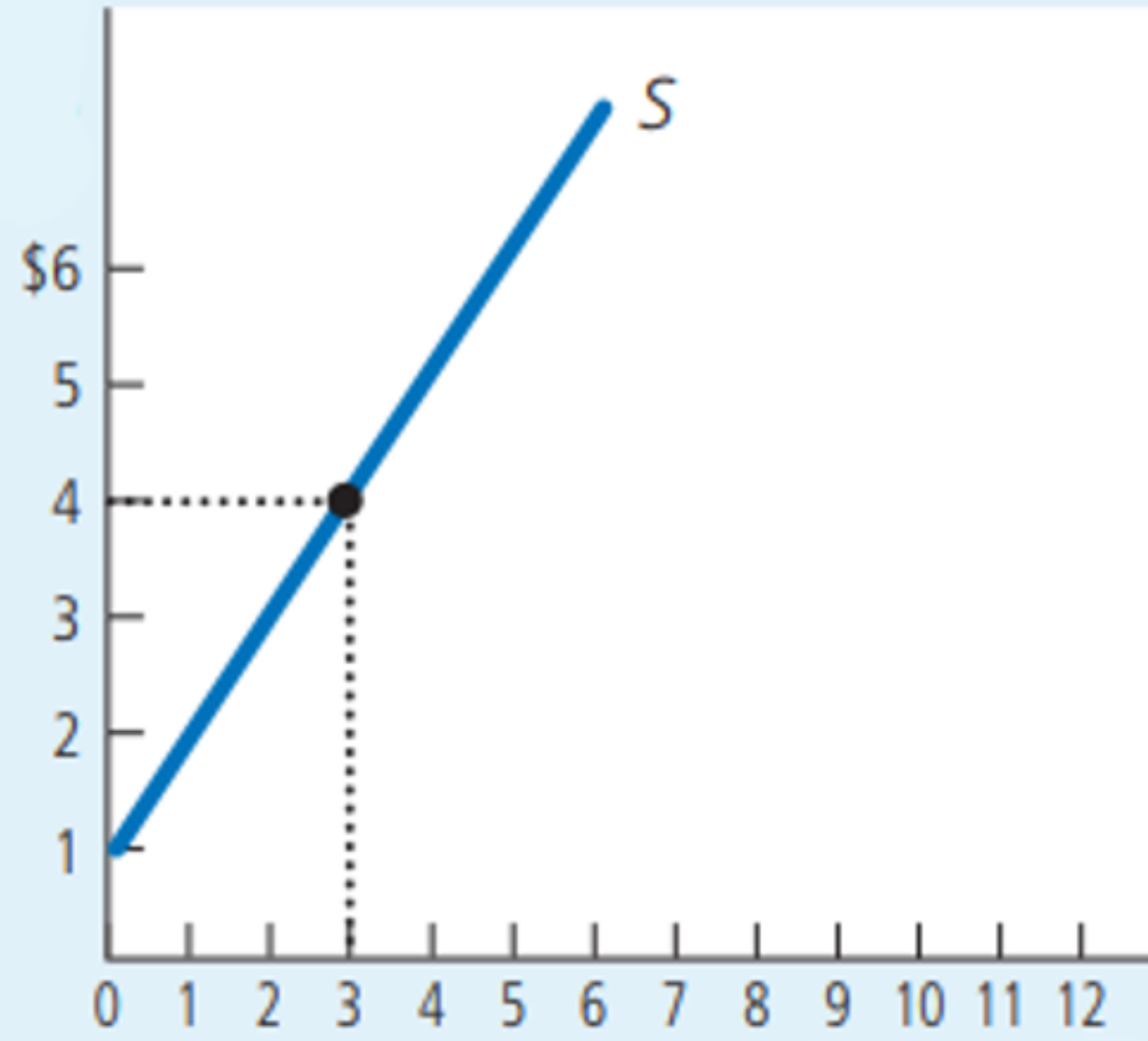




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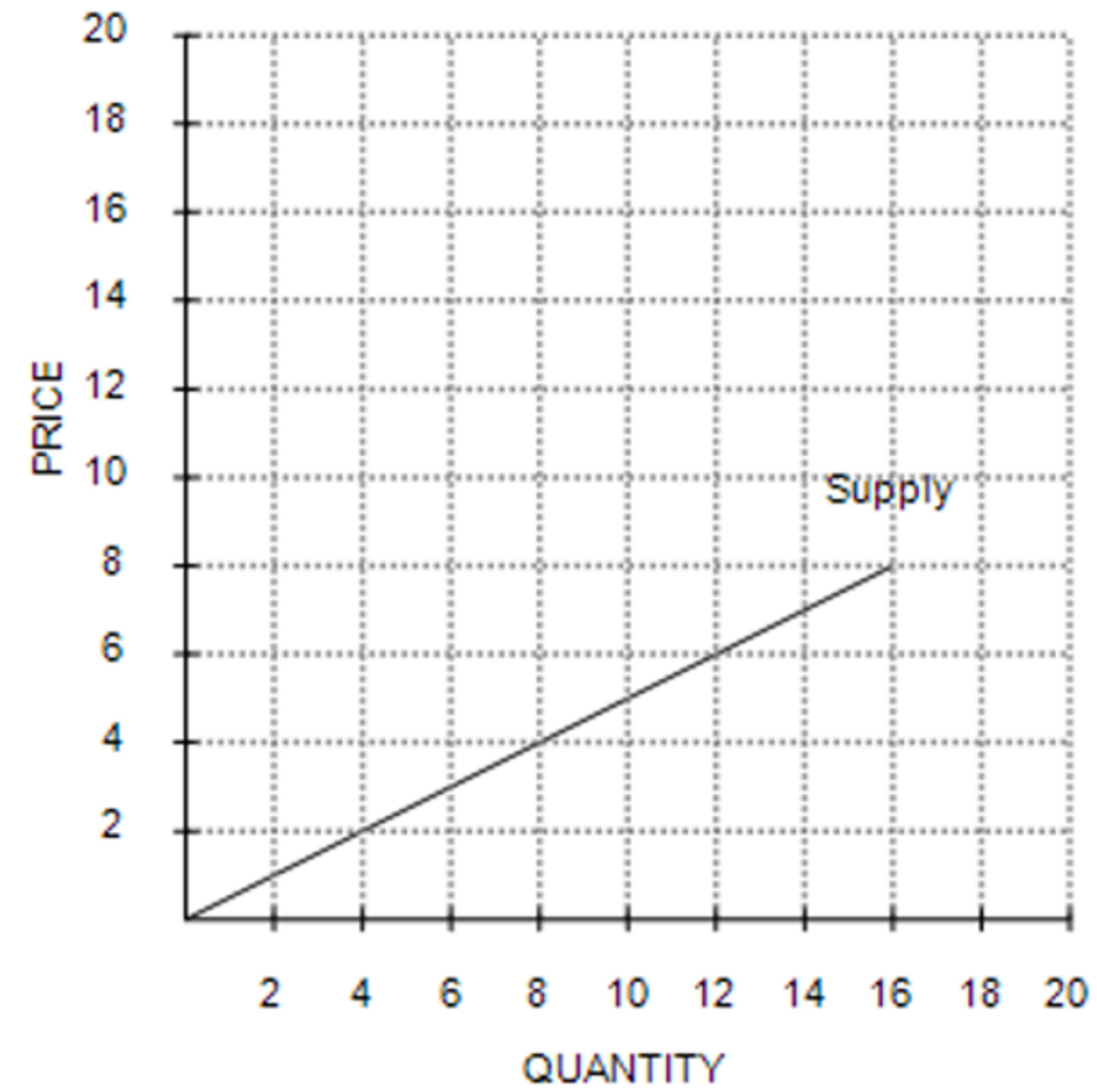
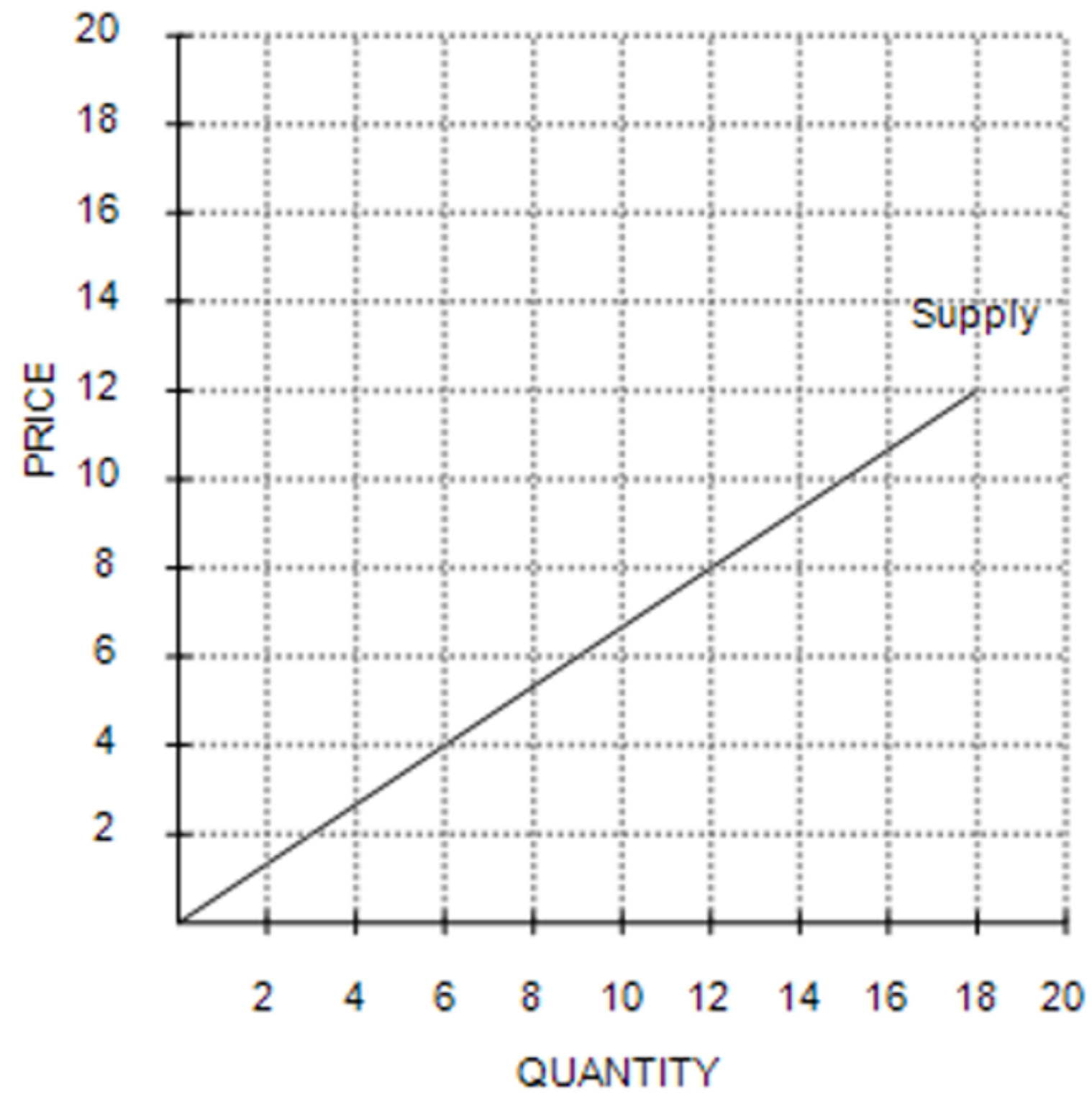
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Price of Chests



\$0	0	+	0	=	0
1	0		0		0
2	1		0		1
3	2		2		4
4	3		4		7
5	4		6		10
6	5		8		13



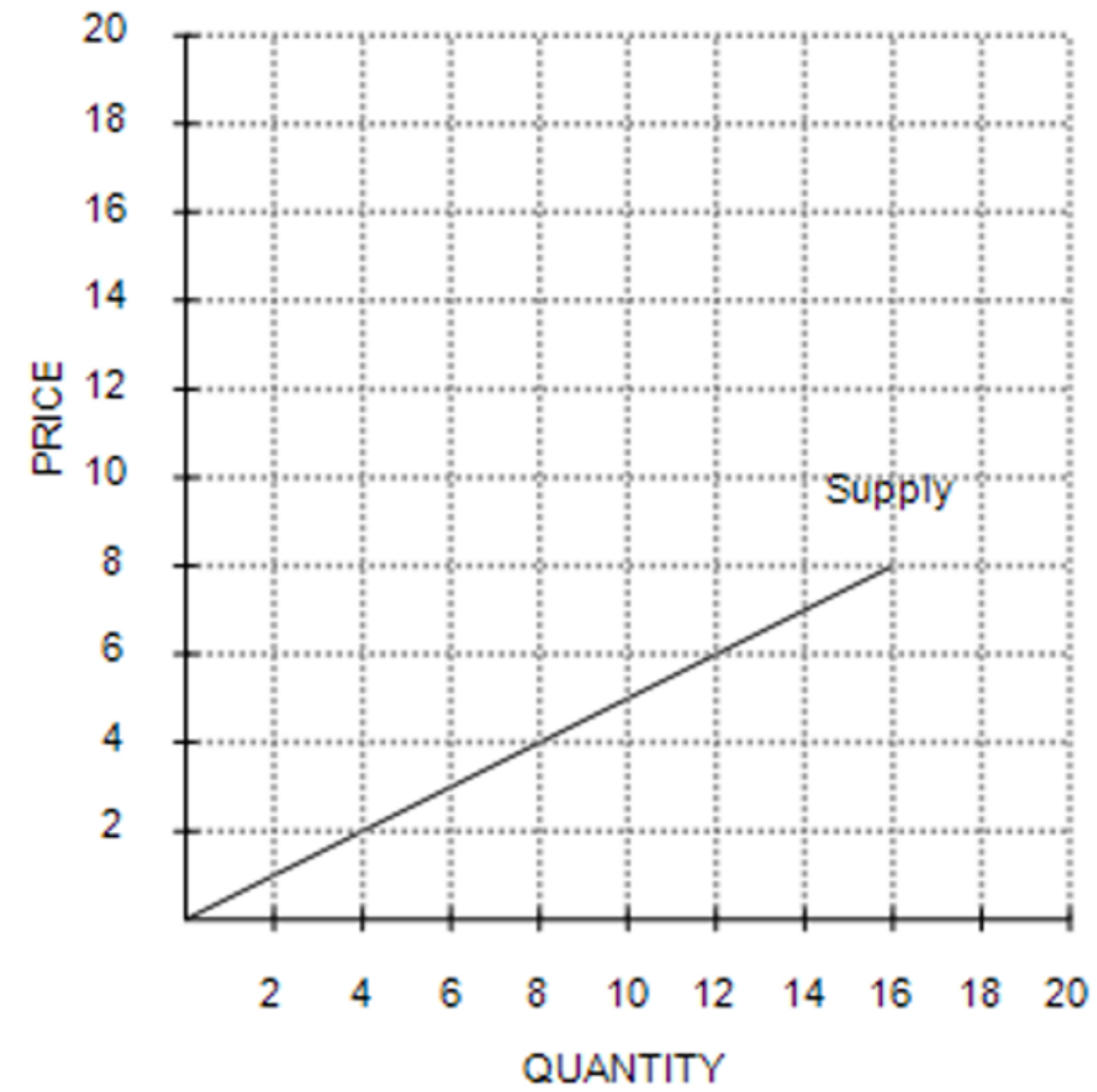
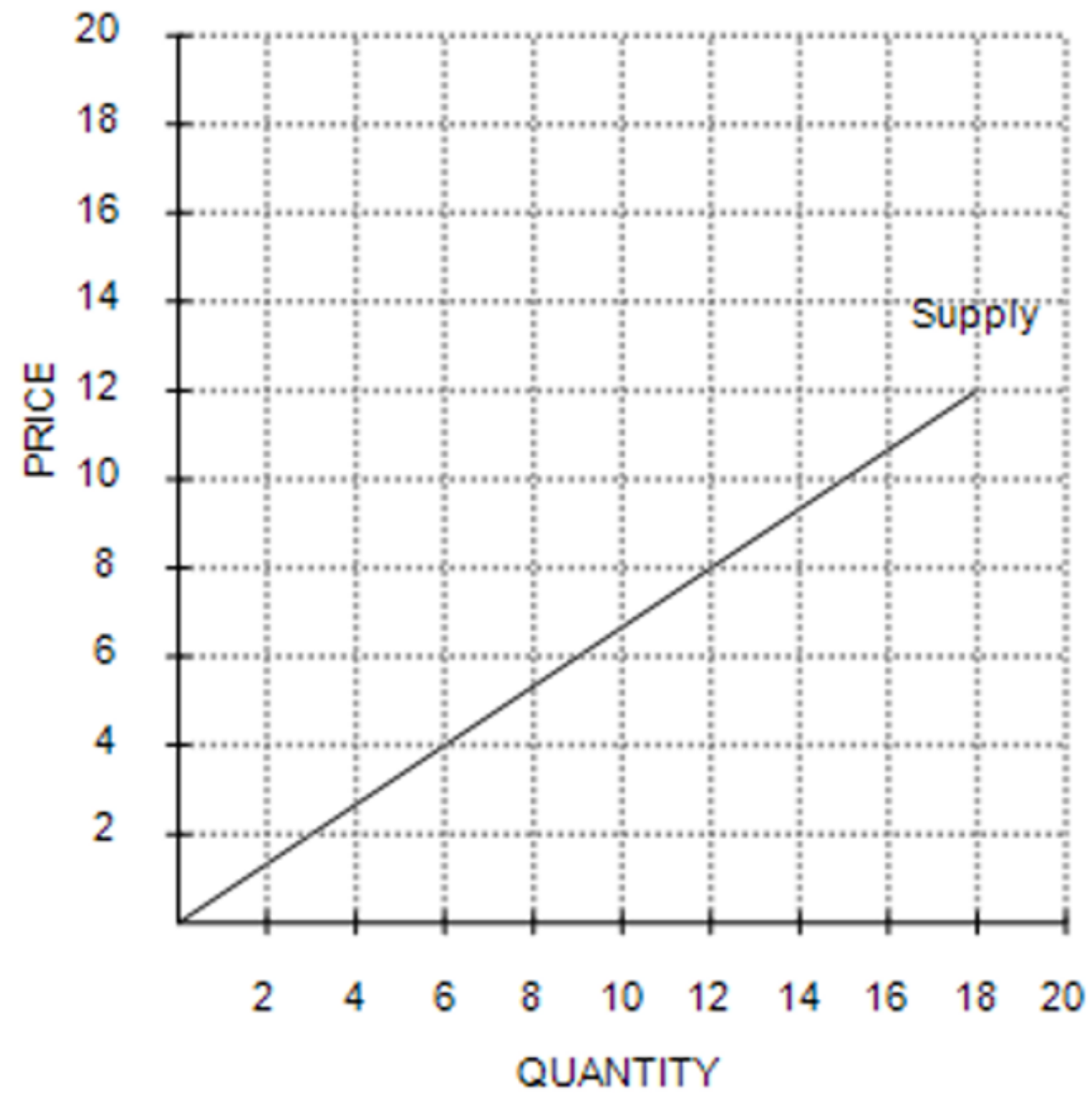
If these are the only two sellers in the market, then the market quantity supplied at a price of \$6 is

- a. 12 units.
- b. 9 units.
- c. 8 units.
- d. 21 units.

A Price is a Signal, Wrapped in an Incentive

- The price system is what makes supply & demand function.
- Price increases signal that a good is relatively more scarce.
 - Incentivizes producers & consumers to either economize on the good or find alternatives.

Thanks for your attention!



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