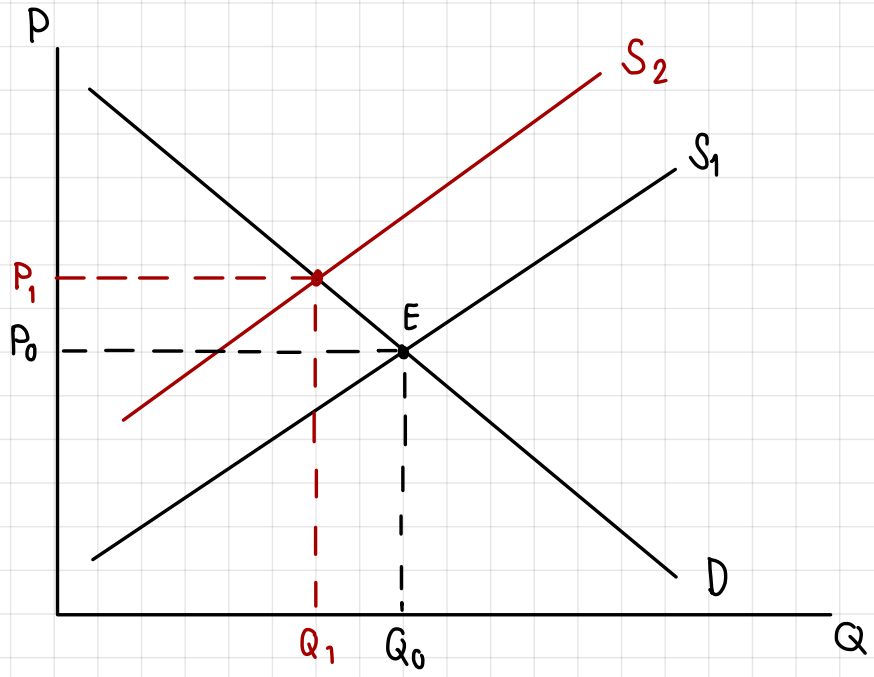
Homework 4 :

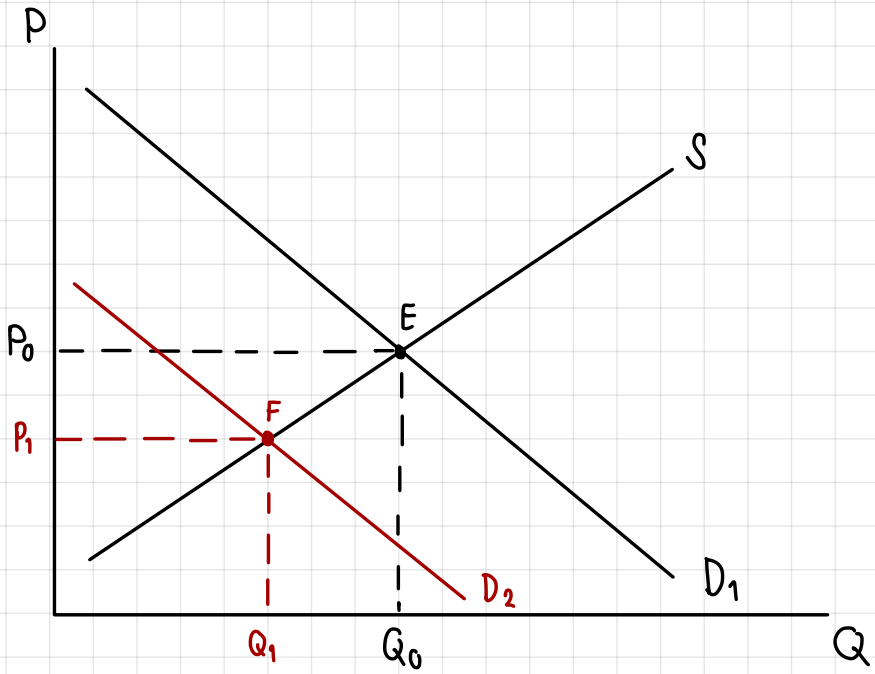
Punnada Sridilok
6304641241

(B.) A strike by steelworkers raises steel prices.



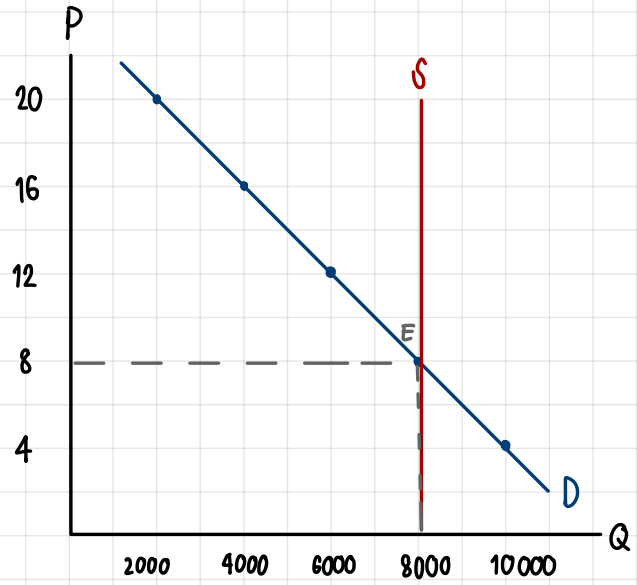
The strike by steelworkers caused the steel prices to increased, the supply for the steels also decreased from S to S_2.
Before the market supply decreased, the Equilibrium is at Q_0, P_0.
As the supply shift, the quantity supply decreased caused an excess demand.
so when there is the excess demand, the price will keep increasing until it reached at the new equilibrium point, where there is no excess of demand or when Excess demand = Excess Supply = 0 according to the market assumption number 5, as we have an equilibrium condition.

(E.) A stock market crash lowers people's wealth.



The stock crash lower people's wealth caused the demand to decrease from D_1 to D_2.
Initially, before the market demand shift, the equilibrium is at point E (Q_0, P_0)
As the demand decreased, the Quantity demand decreased and caused the Excess supply as $Q_S > Q_D$ (at old equilibrium point)
so by assumption number 5, the market price will decreases. And it will continue decreasing until it reaches P_1 as F is the new equilibrium where $Q_D = Q_S$ or Excess supply = 0.

2A.



- The unusual about the supply curve is that the quantity supply for the ticket is always 8000 tickets. No matter how the price changes, the Quantity supply still 8000 tickets.
- This might be true, as the college might already fixed the avialable tickets to be limited.

2B.

Supply : Quantity supply (Q_S) = 8000

Demand : Quantity Demand (Q_D) = $24Q_D - \frac{1}{500}$

Equilbrium point (E) = (8000, 8)

∴ At equilibrium point it means that when the ticket price is $8, the exac..y 8000 tickets will be sold out.

2C. New Demanded schedule

Price	Quantity Demanded	Quantity Supplied
$4	14,000	8000
$8	11,000	8000
$12	8,000	8000
$16	5,000	8000
$20	2000	8000

New Demand = $\frac{68}{3} - \frac{1}{750} Q_D$

Supply = 8000

New equilibrium = $\frac{68}{3} - \frac{1}{750}(8000) = \$12$

New equilibrium point = (8000, 12)