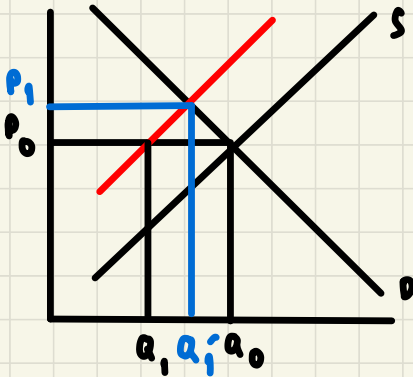


A. strike by steelworker raise steel prices



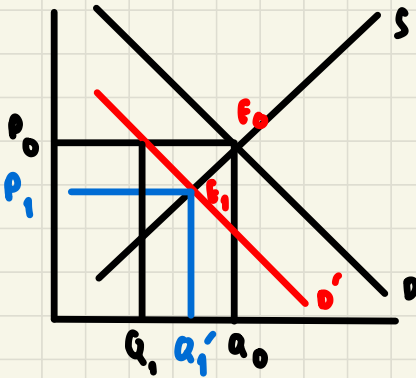
- price of steel \uparrow
- company needs to pay more for vans
- the number of product that can be produced **decreases**
- $Q \downarrow$ $S \rightarrow S'$

at P_0 : $Q_0 \rightarrow Q_1$ (\downarrow)

to increase supply : company need to pay more to produce vans : P needs to increase

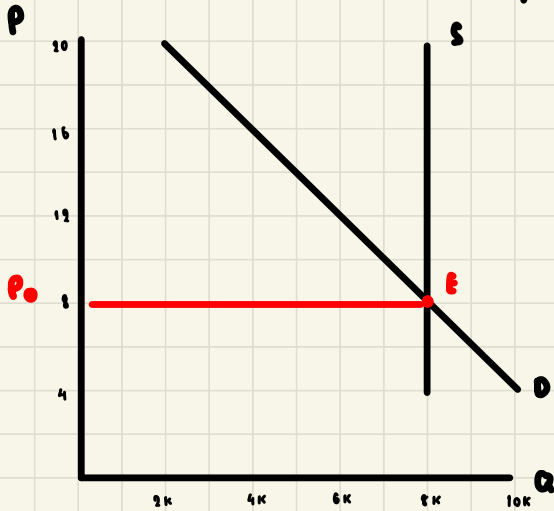
$$P_0 \rightarrow P_1 \quad Q_1 \rightarrow Q_1'$$

B. A stock market crash lower people's wealth



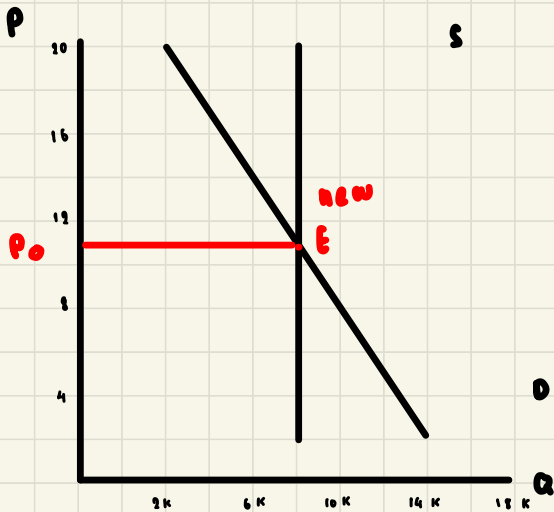
- people have less money to spend \rightarrow less demand for minivans.
- at the same price (P_0) Demand decreases ($D \rightarrow D'$)
- $Q_0 \rightarrow Q_1$
- to increase demand of vans , P needs to be increased
- $P_0 \rightarrow P_1 \quad Q_1 \rightarrow Q_1'$

• Draw demand & supply curve



Equilibrium price : 8 Dollar

Equilibrium quantity : 8,000 tickets



New curve

new Q_D

$$4 S = 10 + 4 K = 14 K$$

$$8 S = 8 + 3 K = 11 K$$

$$12 S = 6 + 2 K = 8 K$$

$$16 S = 4 + 1 K = 5 K$$

∴ equilibrium price : 11 Dollar

equilibrium quantity remains the same