

SUPPLY : BEHAVIOR OF PRODUCERS' (SELLERS')

QUANTITY SUPPLIED : AMOUNT OF A GOOD OR SERVICE SELLER(S) IS (ARE) WILLING TO PRODUCE AND SELL FOR SOME TIME PERIOD AT A GIVEN PRICE.

• SUPPLY SCHEDULE (TABLE) SHOWS THE RELATIONSHIP BETWEEN QUANTITY SUPPLIED AND PRICE.

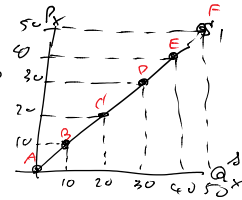
A SELLER: HAGEN

	P_x	Q_x^s
A	0	0
B	10	10
C	20	20
D	30	30
E	40	40
F	50	50

P_x = PRICE OF GOOD X (# UNIT / WK)

Q_x^s = QUANTITY SUPPLIED OF GOOD X (# UNIT / WK)

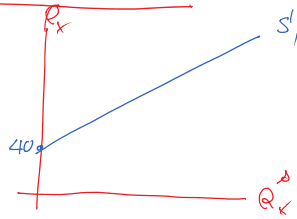
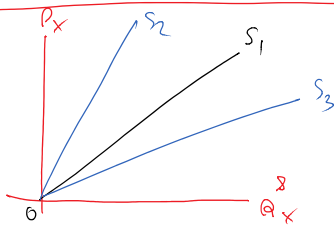
EX: WHEN $P_x = 20$, $Q_x^s = 20$



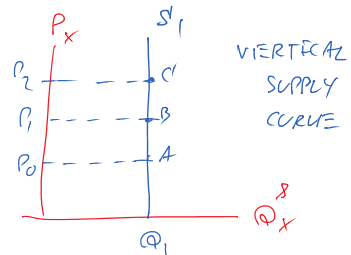
• SUPPLY CURVE SHOWS A POSITIVE OR DIRECT RELATIONSHIP BETWEEN QUANTITY SUPPLIED OF A GOOD (Q_x^s) AND PRICE OF THAT GOOD (P_x).

• LAW OF SUPPLY : A CLAIM THAT WHEN PRICE OF A GOOD **INCREASES** & OTHER FACTORS REMAIN UNCHANGED, QUANTITY SUPPLIED OF THE GOOD WOULD **INCREASE**, AND WHEN PRICE OF THE GOOD **DECREASES** & OTHER FACTORS REMAIN UNCHANGED, QUANTITY SUPPLIED OF THE GOOD WOULD **DECREASE**.

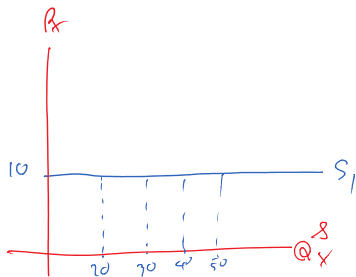
MORE THOUGHTS ABOUT THE SUPPLY CURVE :



PRICE MUST BE SUFFICIENTLY HIGH TO PURSUADE SELLER(S) TO PRODUCE AND SELL.



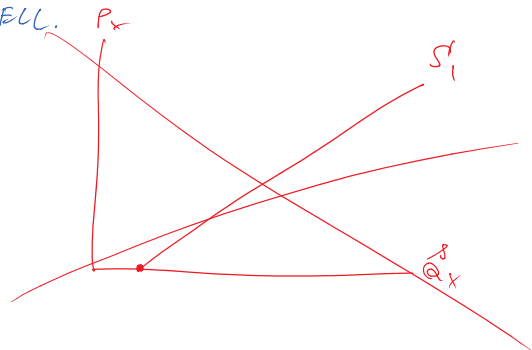
VERTICAL SUPPLY CURVE

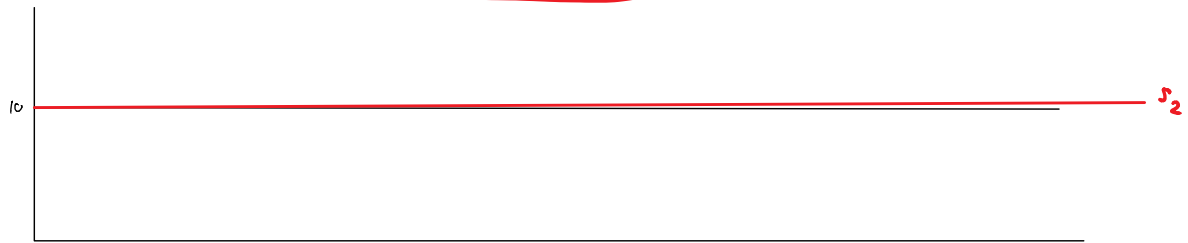


IF $P < 10$, $Q_x^s = 0$

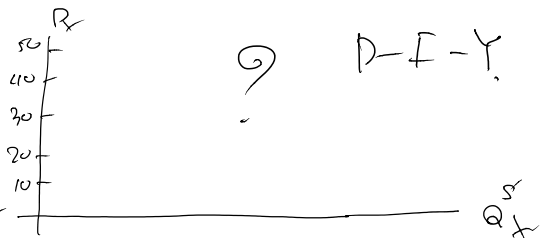
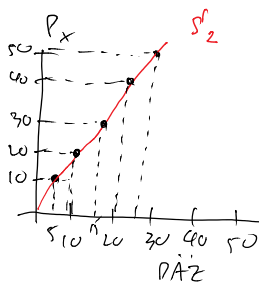
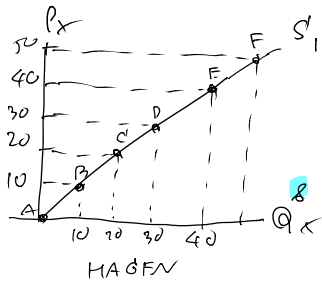
IF $P = 10$, Q_x^s CAN BE AT ANY Q.

* IF $P > 10$, Q_x^s GETS EXTREMELY LARGE





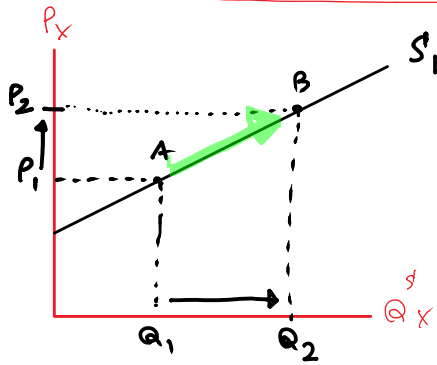
FROM AN INDIVIDUAL'S SUPPLY CURVE TO THE MARKET SUPPLY CURVE



THE MARKET SUPPLY CURVE OF ICECREAM

D-F-Y

MOVEMENTS ALONG THE CURVE VS. SHIFTS OF THE SUPPLY CURVE

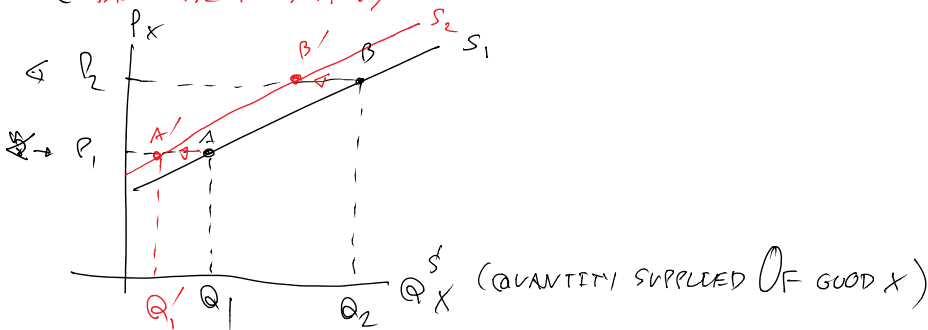


MOVEMENTS ALONG THE SUPPLY CURVE OCCUR WHEN... PRICES OF GOOD X CHANGE.

(CHANGES IN SUPPLY)
SHIFTS OF THE SUPPLY CURVE

WHEN A SUPPLY CURVE SHIFTS LEFTWARD

(= DECREASE IN SUPPLY)



WHEN INPUT PRICES OF ICECREAM

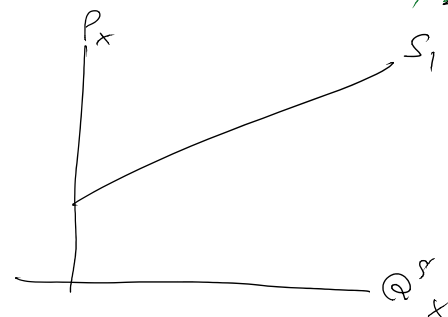
BECOME MORE EXPENSIVE, THE SUPPLY CURVE

SHIFTS TO THE LEFT FROM S_1 TO S_2

SELLERS ARE LESS WILLING TO SELL

WHEN A SUPPLY CURVE SHIFTS RIGHTWARD

(= INCREASE IN SUPPLY)



SELLERS ARE LESS WILLING TO SELL
AT EVERY PRICE!