

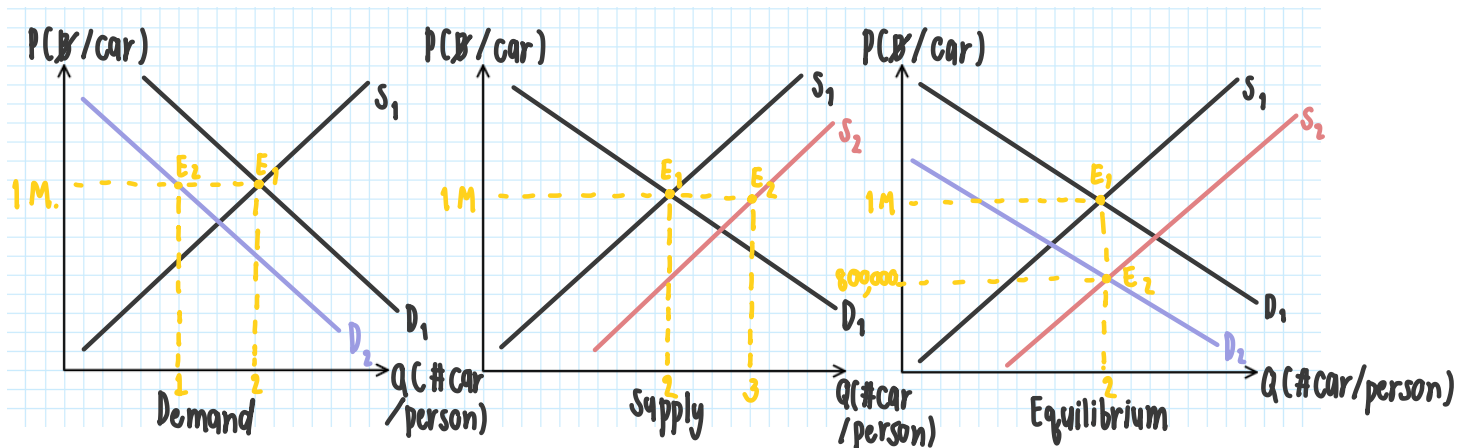
CASE 3 Decrease in Demand & Increase in SupplyConsider Market for Car

EVENT 1 (On Demand Side)

The public transport are easier to access

EVENT 2 (On Supply Side)

Change in tecnology (higher)



Full Explanation

Decrease in demand: When the public transportation are easier to access, so people will use more public transport and buy less of car that make the demand curve decrease by shift to the left from D_1 to D_2 and that mean people will buy less car at any observable price.

Increase in supply: The supply curve are increase by shift to the right from S_1 to S_2 , meaning that the seller trend to buy more car due to the higher technology at any given price.

New equilibrium of car market: At the old equilibrium E_1 , the equilibrium price equal to 1M. and the quantity equal to 2 cars per person, Afterward, the demand curve was decreased in the other hand the supply curve was increased, New equilibrium E_2 , the equilibrium price equal to 800,000 baht per car and the quantity of new equilibrium are equal to 2 car per person