# Supply Summary Study Guide

Complete the chart by indicating what happens when the factors of supply change as described.

|  |  |  |
| --- | --- | --- |
| **Factors for a shift in the supply curve** | **Scenario** | **Indicate if the supply for the good increases**  **(↑) or decreases (↓)** |
| **1. Change in the cost of**  **inputs** |  |  |
|  | If the cost of inputs rises… |  |
|  | If the costs of inputs falls… |  |
| **2. Government Policies** |  |  |
|  | If business taxes are increased… |  |
|  | If business taxes are decreased… |  |
|  | If new regulations are put into place… |  |
|  | If the firm receives a subsidy to produce… |  |
| **3. Technological Change** |  |  |
|  | If the discovery of a new method of  production results in more products… |  |
|  | If a new production method causes too much  pollutions and is abandoned… |  |
| **4. Natural Disaster and**  **Weather** |  |  |
|  | If a flood along the Mississippi River floods farm fields for miles and diverts  transportation many miles out of their way… |  |
|  | If a volcano in Central America destroys the  banana trees growing there… |  |
|  | If the weather grows cold much earlier than  usual… |  |
| **5. Expectations about**  **Future Prices** |  |  |
|  | If manufacturers expect future prices of goods  to rise so they keep more of their inventories in storage…. |  |
|  | If a tomato grower holds onto his large crop  of tomatoes today as he believes tomato prices will increase next month…. |  |
| **7. The number of firms**  **producing** |  |  |
|  | If the number of firms rises in a particular  industry … |  |
|  | If the number of firms falls in a particular  industry … |  |

# Supply Summary Study Guide Answer Key

Complete the chart by indicating what happens when the factors of supply change as described.

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| **Factors for a shift in the supply curve** | **Scenario** | **Indicate if the supply for the good increases**  **(↑) or decreases (↓)** |
| **1. Change in the cost of**  **inputs** |  |  |
|  | If the cost of inputs rises… | **(↓)** |
|  | If the costs of inputs falls… | **(↑)** |
| **2. Government Policies** |  |  |
|  | If business taxes are increased… | **(↓)** |
|  | If business taxes are decreased… | **(↑)** |
|  | If new regulations are put into place… | **(↓)** |
|  | If the firm receives a subsidy to produce… | **(↑)** |
| **3. Technological Change** |  |  |
|  | If the discovery of a new method of  production results in more products… | **(↑)** |
|  | If a new production method causes too much  pollutions and is abandoned… | **(↓)** |
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|  | If a flood along the Mississippi River floods  farm fields for miles and diverts transportation many miles out of their way… | **(↓)** |
|  | If a volcano in Central America destroys the  banana trees growing there… | **(↓)** |
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| **5. Expectations about**  **Future Prices** |  |  |
|  | If manufacturers expect future prices of goods to rise so they keep more of their  inventories in storage…. | **(↓)** |
|  | If a tomato grower holds onto his large crop  of tomatoes today as he believes tomato prices will increase next month…. | **(↓)** |
| **7. The number of firms**  **producing** |  |  |
|  | If the number of firms rises in a particular  industry … | **(↑)** |
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