

Big Question: What causes changes to the Supply in the market?

Syllabus: 7-11
(HL only item 11)

Section 1.1 Markets

The BIG Ideas!

Big Idea 3

Supply+Demand = Market. Shifts and Movements allocate scarce resources on the X axis and price sends signals and non price determinants also result in allocation changes on the X axis.

Webnote 110
Please do not print this webnote. Class notes are available on [webnotes](#) in section 1 of website

Price of X

Quantity of X

What possible changes need to take place for a market to adjust from e-10 to e-9?

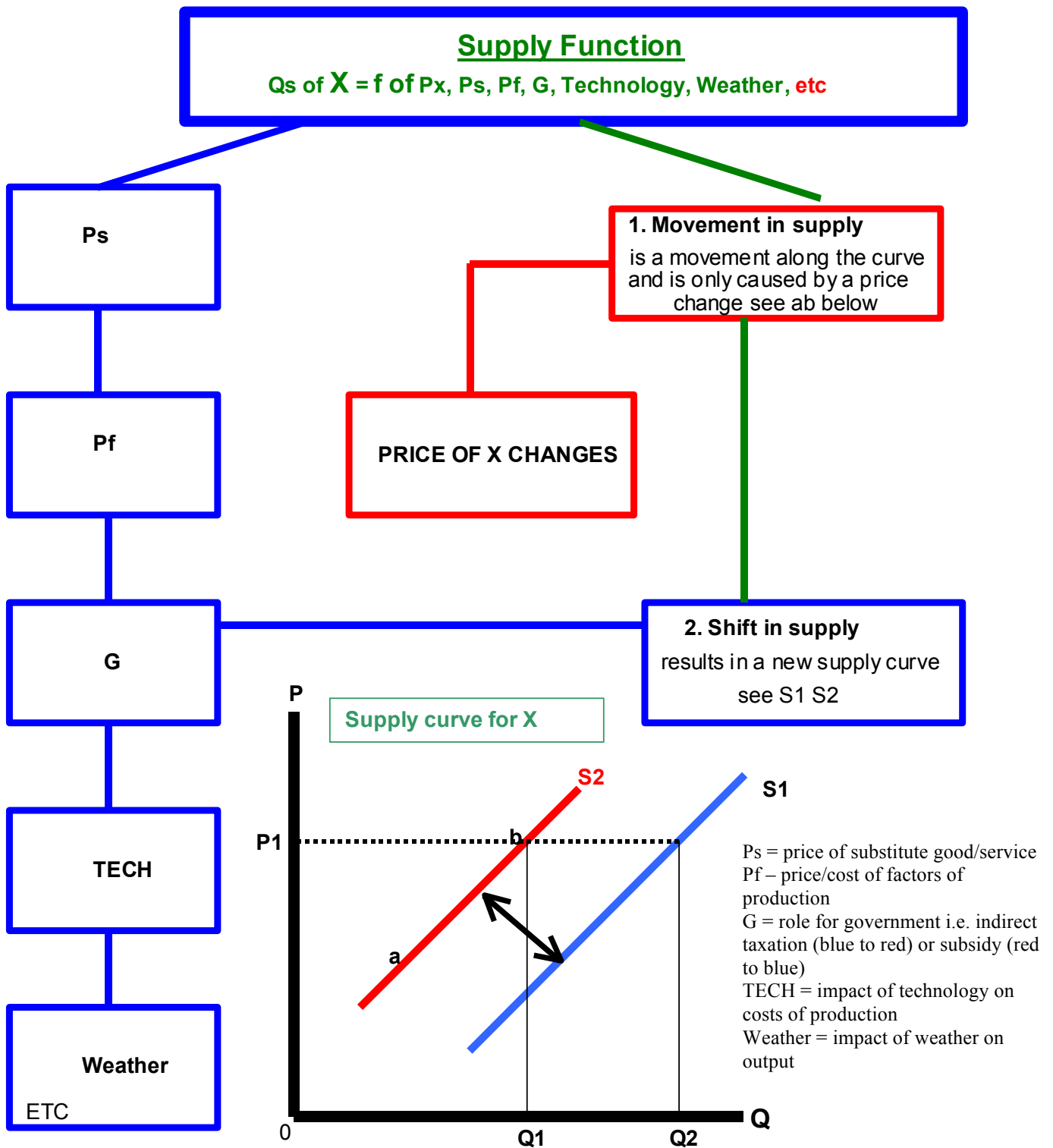
The graph shows a coordinate system with 'Price of X' on the vertical axis and 'Quantity of X' on the horizontal axis. There are four downward-sloping demand curves labeled D1, D2, D3, and D4, and three upward-sloping supply curves labeled S1, S2, and S3. D1 is the leftmost demand curve, and D4 is the rightmost. S1 is the leftmost supply curve, and S3 is the rightmost. The intersection of D1 and S1 is labeled '10'. The intersection of D2 and S1 is labeled '1'. The intersection of D3 and S1 is labeled '2'. The intersection of D4 and S1 is labeled '3'. The intersection of D1 and S2 is labeled '4'. The intersection of D2 and S2 is labeled '5'. The intersection of D3 and S2 is labeled '6'. The intersection of D4 and S2 is labeled '7'. The intersection of D1 and S3 is labeled '8'. The intersection of D2 and S3 is labeled '9'. A green circle with a smiley face and the number '9' is placed at the intersection of D2 and S3. The intersection of D3 and S3 is labeled '11'. The intersection of D4 and S3 is labeled '12'.

Webnote 110: Big Ideas for 1.1

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- Notes:
1. supply curve as a resource allocation curve
 2. role of government: indirect taxation and subsidies
 3. growth occurs as we move along the X axis from q1 to q2
 4. micro supply curve is the source for aggregate supply for the whole economy