

Task1/Table 1: Supply of Coffee: what are the effects of the following events on the supply of coffee in Duesseldorf?

Use concept of **Ceteris Paribus** (see simple definition below).

What are the effects of the following events on: supply for coffee?

Effect: how is supply affected? Use a diagram as much as possible. (hint: shift or movement!)

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| (1) Severe frost shortly before a harvest |
| (2) Workers on the coffee plantations demand higher wages |
| (3) Rise in price of substitute (production) e.g. bananas |
| (4) New technology allows crop to be packaged at a lower cost |
| (5) Fall in the price of sugar (used commonly by coffee drinkers) |
| (6) Fall in the price of a substitute good (production substitute) |
| (7) Change in market taste in favour of coffee |
| (8) Government raises taxes on coffee |
| (9) Research shows that coffee is bad for health |
| (10) New fertiliser increases yield/output per unit of land |
| (11) Military conflict breaks out in coffee producing region. |
| (12) Government provides subsidies to coffee producers |

Answers:

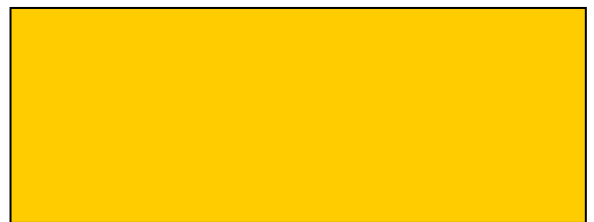
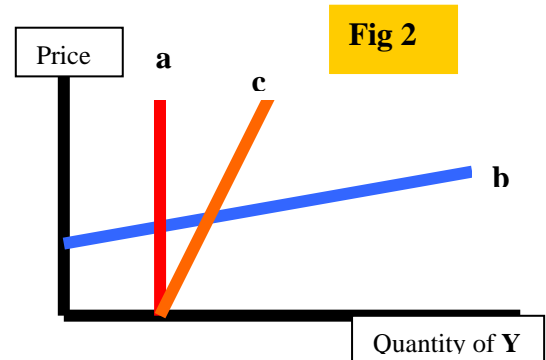
- will be made available on the yellow submariner shared folder

Ceteris paribus: this is a 'freeze' function whereby only 1 variable in the function is changed and all other variables remain constant. As a result the effect of the change in this one variable can be observed.

1. draw a supply curve for good X.
2. what is the slope of the line? 'rise over run'
3. what can you conclude about the supply by this firm.
4. in what type of market situation do you think you might find such a supply line?

Task 2/Table 2: Supply schedule for one firm for Good X

Price	Qs Good X
10	0
20	100
30	200
40	300



Task 3 Supply Tasks: (match each statement below with a or b or c in Fig 2)

1. supply curve of seats for spectators in a 50.000 football stadium in Duesseldorf.
2. supply for curve for McDonalds outlets in Duesseldorf in the long-run.
3. market supply curve for potatoes at a large outdoor market with 200 sellers offering the same product.
4. supply curve for oil this month in Germany.
5. what is joint supply? (find a definition)
6. supply curve for 'flat pack' furniture from Ikea in long term
7. supply curve for the 'I' phone at the time of its launch and then another supply curve 6 months later!
8. supply curve for wind energy in the long term