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Welcome back to Economics Club!

1/6/2021 General Meeting

National Economics Challenge Teams

- Private Channels will be made as soon as possible.
- We have started to plan a team points system which will be introduced next meeting!
- Adam Smith teams have not been announced yet because we still need 1 more participant in that division. If you have taken an economics course previously and want to participate in the NEC but didn't sign up yet, please tell us in the chat!

Today's Agenda

- Supply
 - Law of Supply
 - Quantity supplied
 - Shifters of Supply
 - Reasons for an upward sloping curve

Supply

What is Supply?

- Supply is the different quantities of goods that sellers (suppliers) are willing and able to sell (produce) at different prices.
 - Example: If you are able to sell diapers, but you aren't willing to sell them, then you do not supply them.
- Quantity Supplied is the quantity of a good that producers are willing to sell at a particular price at a particular point in time.

What is the Law of Supply?

- There is a DIRECT relationship between price and quantity supplied.

Why does the Law of Supply occur?

The law of supply is the result of higher prices giving firms an incentive to produce more.

- As price increases, the quantity supplied increases.
- As price decreases, the quantity supplied decreases.

**Assume that you own a lawn mower and
are willing to mow lawns.**

How many lawns will you mow at these prices?

**Example:
Mowing
Lawns**

**Supply
Schedule**



Price per lawn mowed	Quantity Supplied
\$1	
\$5	
\$20	
\$50	
\$100	
\$1000	

Graphing Supply

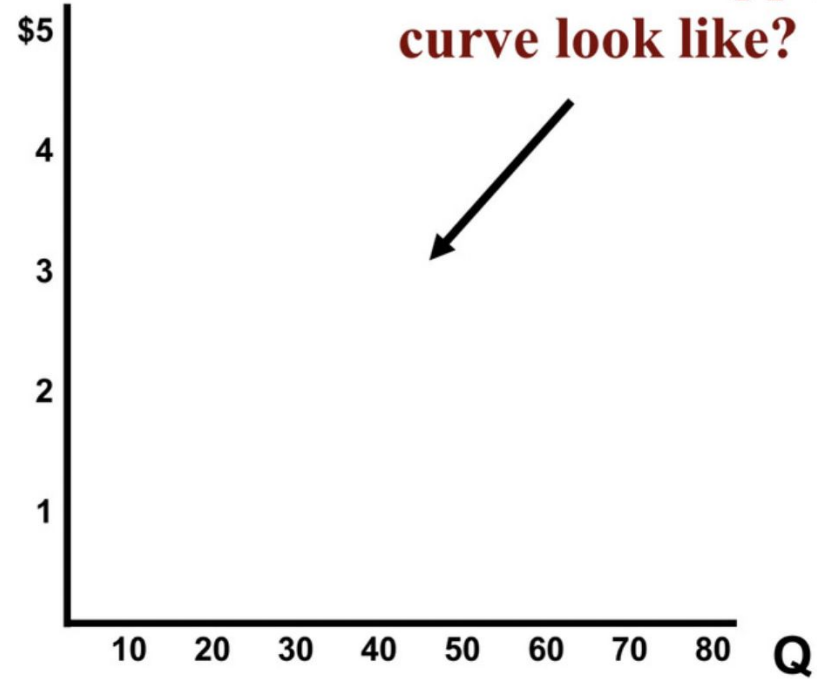
- A supply curve is a graphical representation of a supply schedule.
- The supply curve is upward sloping, showing the direct relationship between price (on the y-axis) and quantity supplied (on the x-axis).
- When reading a supply curve, assume all outside factors are held constant. (This is called *ceteris paribus*).

Graphing Supply

Supply Schedule

Price	Quantity Supplied
\$5	50
\$4	40
\$3	30
\$2	20
\$1	10

Price of Milk



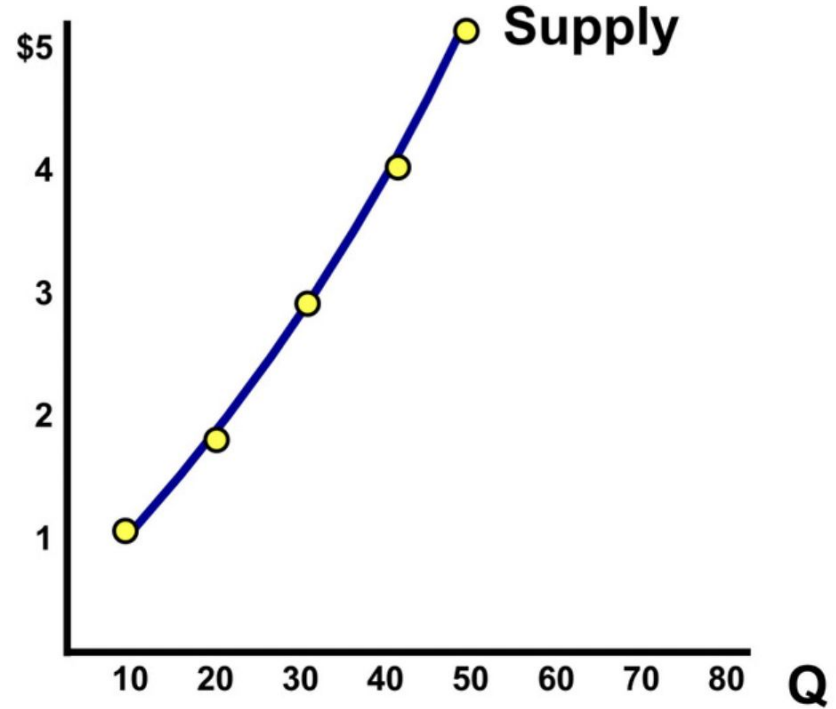
Quantity of Milk

Graphing Supply

Supply Schedule

Price	Quantity Supplied
\$5	50
\$4	40
\$3	30
\$2	20
\$1	10

Price of Milk



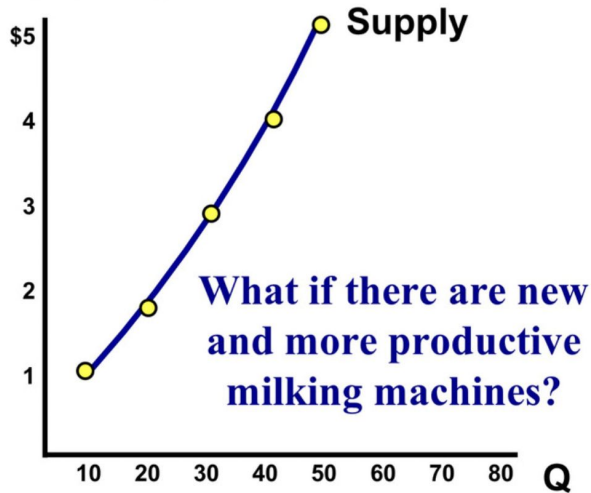
Quantity of Milk

Graphing Supply

Supply Schedule

Price	Quantity Supplied
\$5	50
\$4	40
\$3	30
\$2	20
\$1	10

Price of Milk

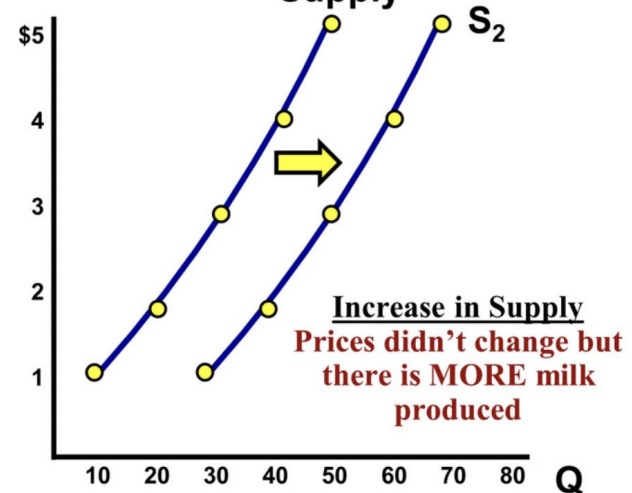


Quantity of Milk

Supply Schedule

Price	Quantity Supplied
\$5	50 70
\$4	40 60
\$3	30 50
\$2	20 40
\$1	10 30

Price of Milk



Quantity of Milk

Shifters of Supply

Remember the acronym ROTTEN

- **R- Resource:** cost/availability; If a resource needed to produce a good becomes unavailable/more expensive, the supply curve shifts left and vice versa if the resource is cheaper/more available. Ex. Frost kills citrus; supply curve for orange juice shifts left.
- **O- Other goods' price:** If suppliers can switch to the production of a more profitable good, the supply of the current good shifts left and vice versa if suppliers can't make as much for the other good. Ex. The price of a new gaming console exceeds the old one; supply of the old one shifts left.
- **T- Taxes, subsidies, gov. Regulation** - Subsidies lower the cost of production, shifting the supply curve right. New gov.regulation/taxes increase production cost and the curve shifts left. Ex. American subsidy of the oil industry lowered causes the supply curve to shift left and gas to become more expensive.

Shifters of Supply cont.

- **T- Technology (productivity);** New productive technology generally lowers resource costs, shifting the supply curve to the right. Ex. Machine harvesters lower cost of collection/processing of agricultural products; curve shifts right.
- **E- Expectations of the producer;** If suppliers expect demand for their good to increase or decrease, they will adjust production. Ex. Every November, the supply of candy canes shifts right as candy companies expect an increase in demand.
- **N- Number of firms in the industry;** If the number of firms in an industry increases, the supply shifts right and vice versa if the # of firms decreases. Ex. As more automotive manufacturers make their own electric car, the supply curve of electric cars shifts right.

Kahoot

<https://play.kahoot.it/v2/?quizId=f5b36b3e-ce4a-4105-b2f5-e1deofdo6a40>

Thank you for coming!

Questions?

Suggestions?

Comments?

Concerns?

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BE SURE TO JOIN OUR REMIND!!!
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NEXT MEETING: 1/20/2021 via Teams