

Supply & Demand Together Problem Set Solutions

Principles of Microeconomics

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1. (b)
2. (a)
3. (c) – For equilibrium price to increase and quantity to decrease, we need supply to shift left. That happens when input prices increase.
4. Demand shifts left which causes quantity supplied, quantity demanded, and price to all increase. Recall that quantity supplied and quantity demanded are both equal to the equilibrium quantity.
5. (a) The cold snap shifts will increase the cost of oranges, an input to OJ, which shifts the supply curve left and increases the equilibrium price.
(b) People's preferences for hotel rooms move away from the Caribbean which decreases demand and drives down the equilibrium price.
(c) Gasoline and cars are complements, so when the price of gasoline goes up, demand for cars shifts left and the price of cars drops.