









100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

0%

100%

90%

80%

70%

60%

50%

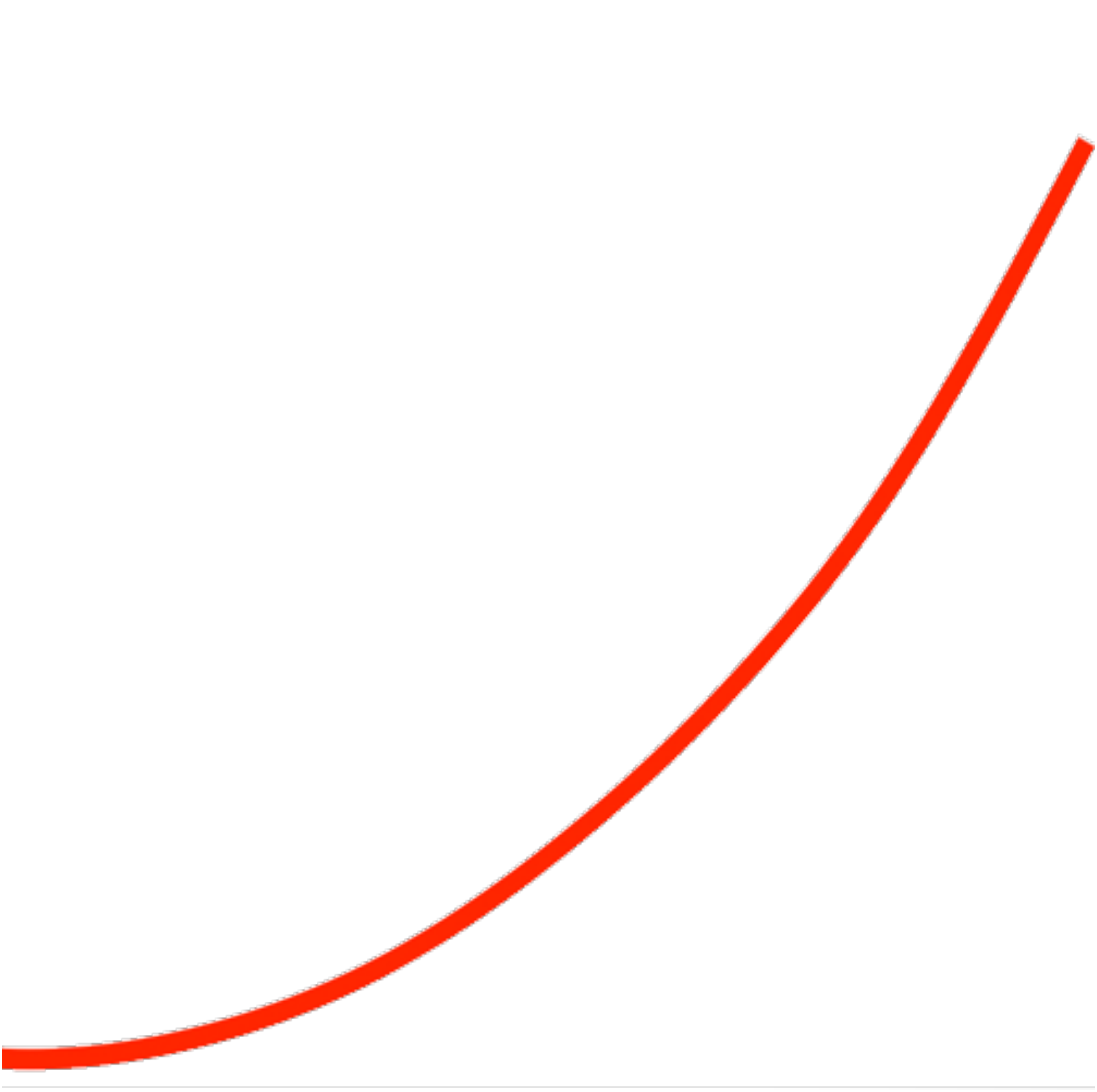
40%

30%

20%

10%

0%



Cost per unit

5

10

15

20

25

0.40



0.50





0.66











2







5

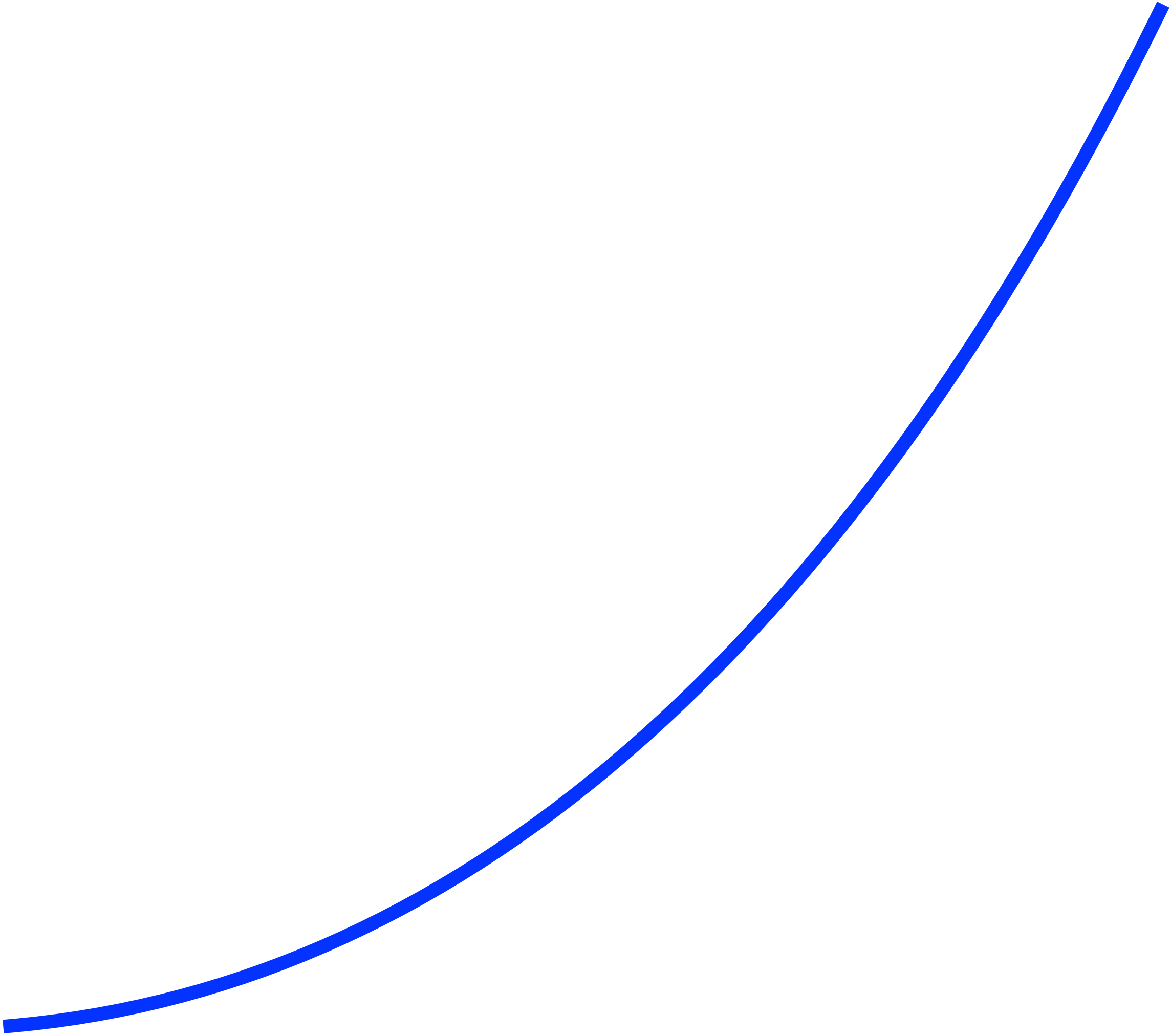
10

15

20

25





Old

Supply

Price per unit







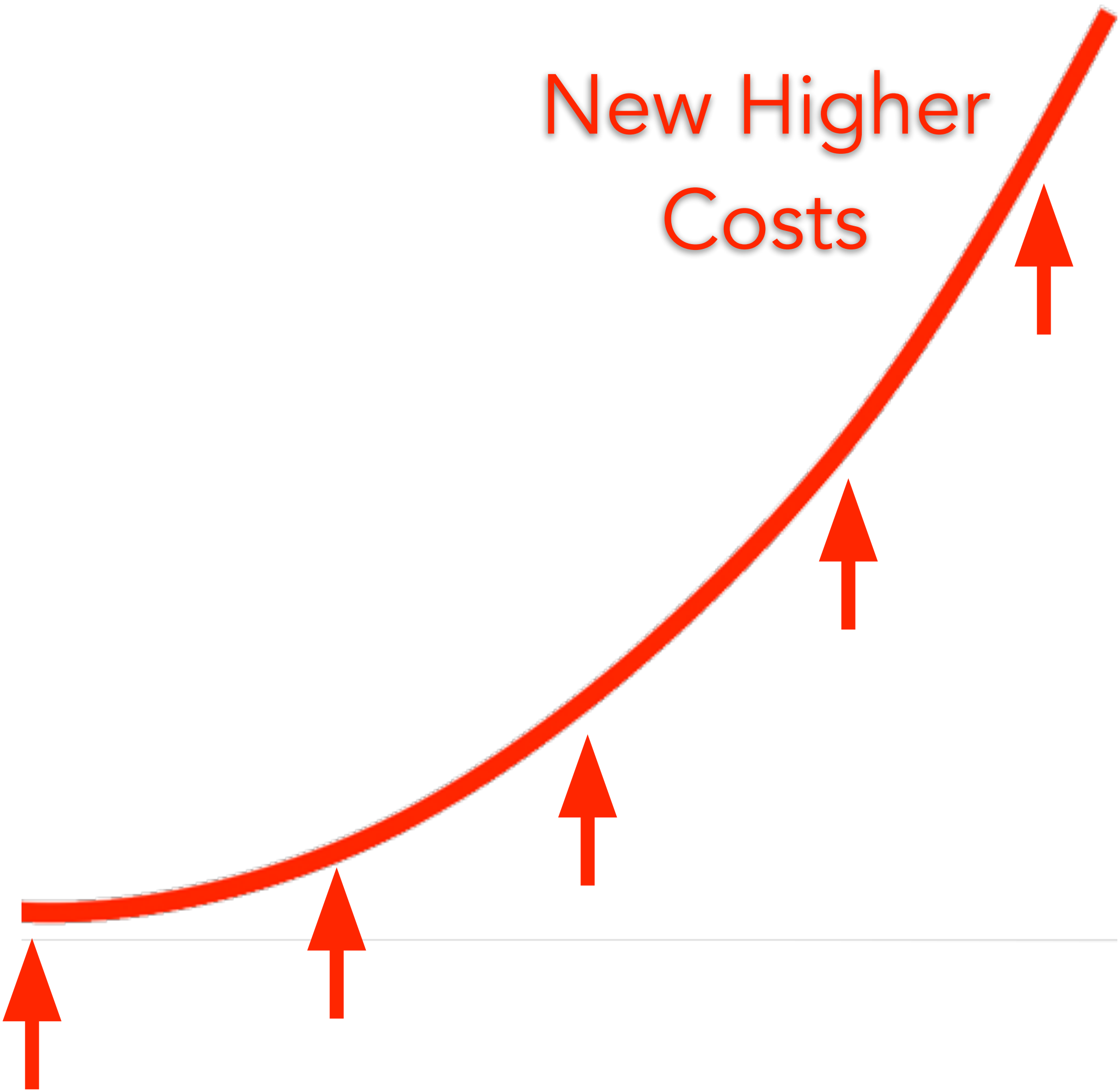


Quantity Supplied

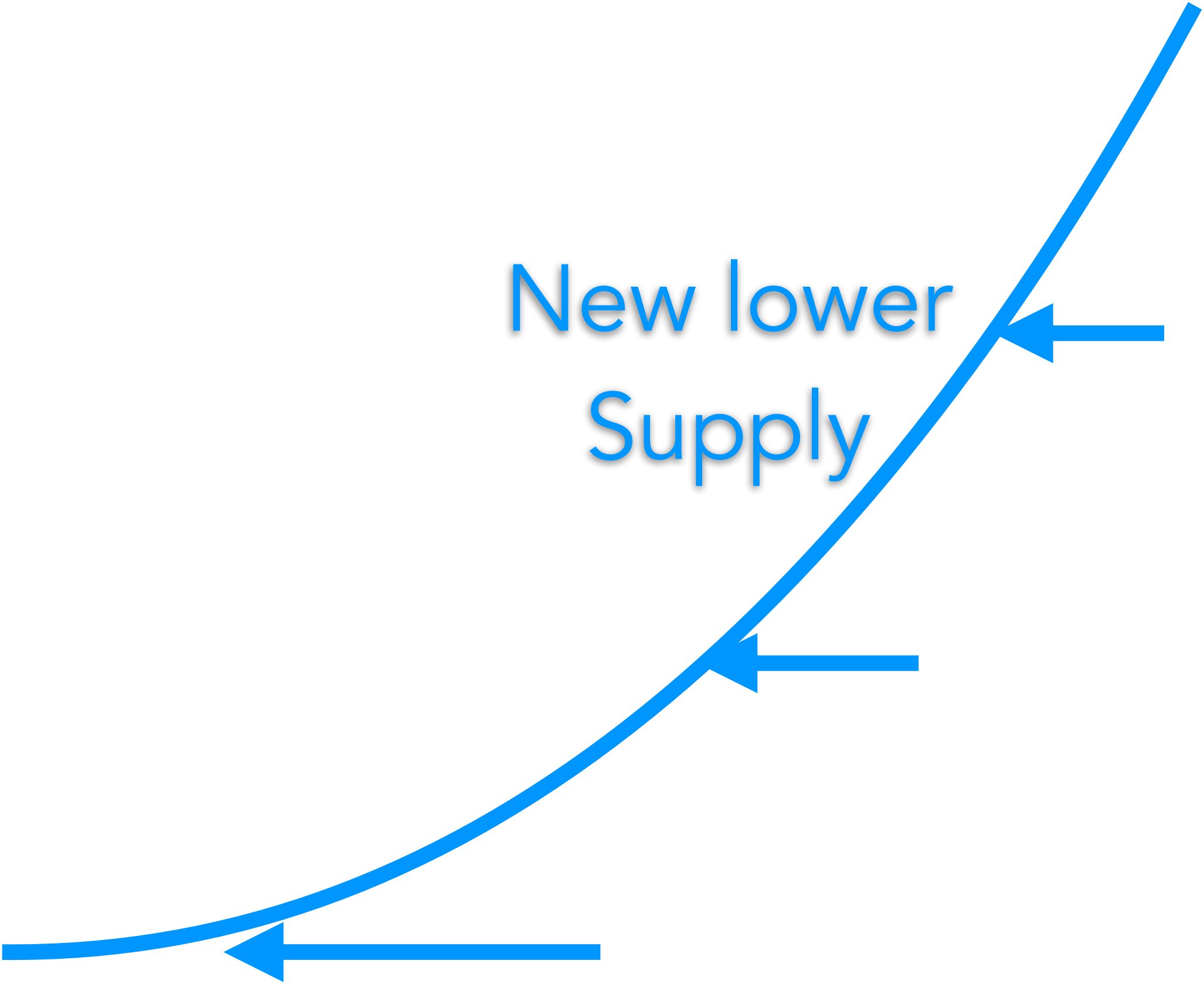
If the farmers' costs increase,
they have NO power to
change the price to cover
these higher costs...

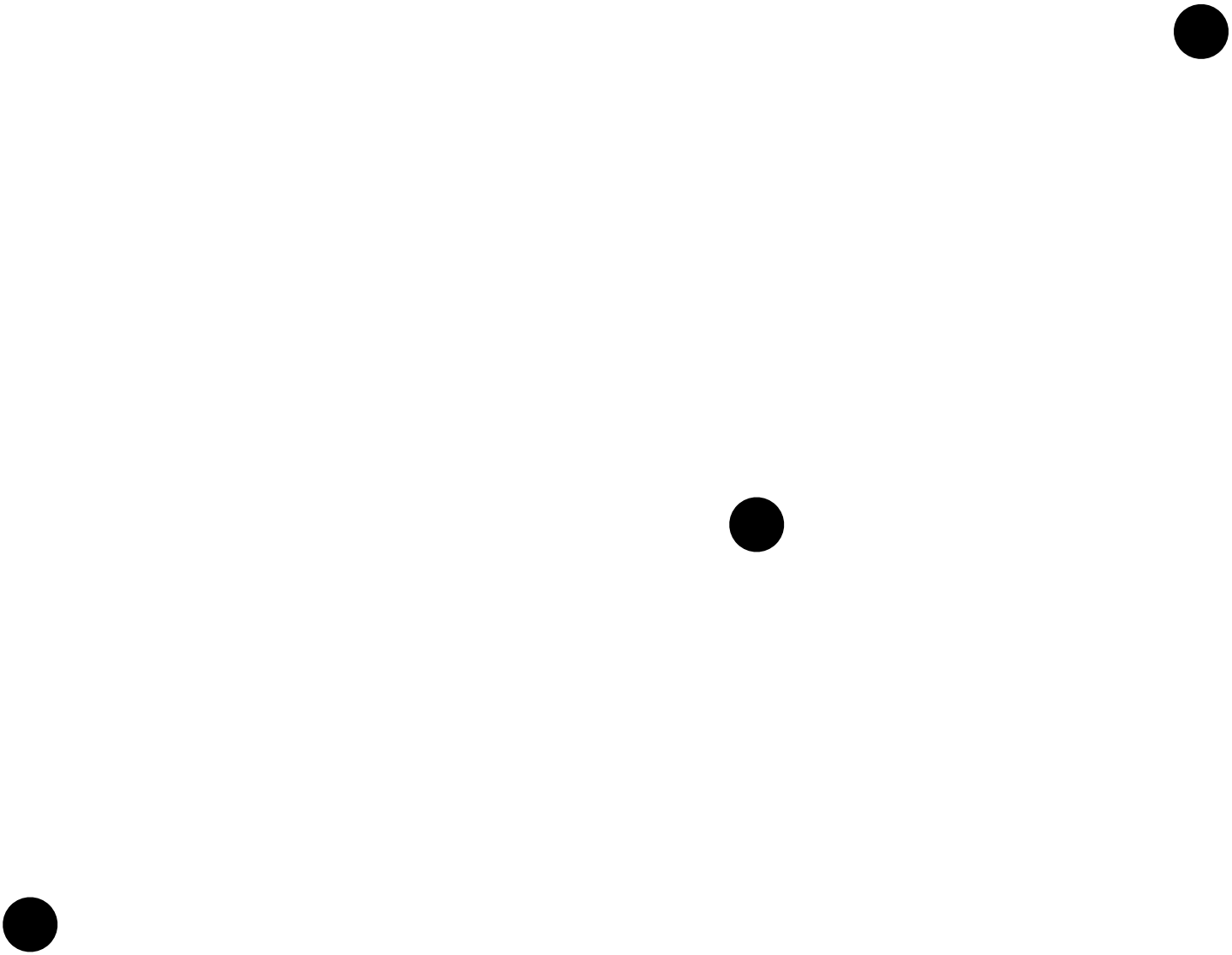
If the price remains the same but costs are higher the farmer must decrease the amount supplied

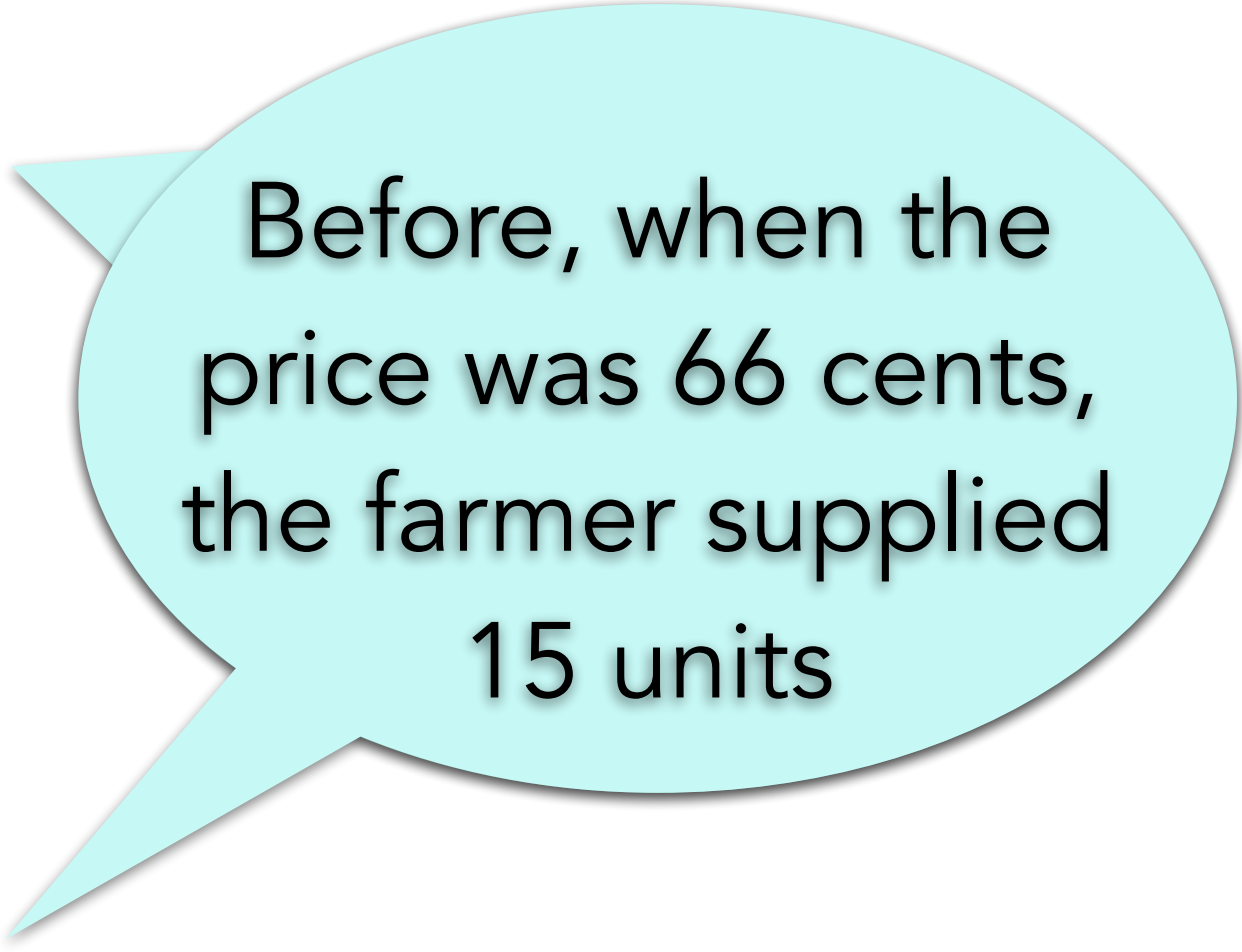
New Higher
Costs



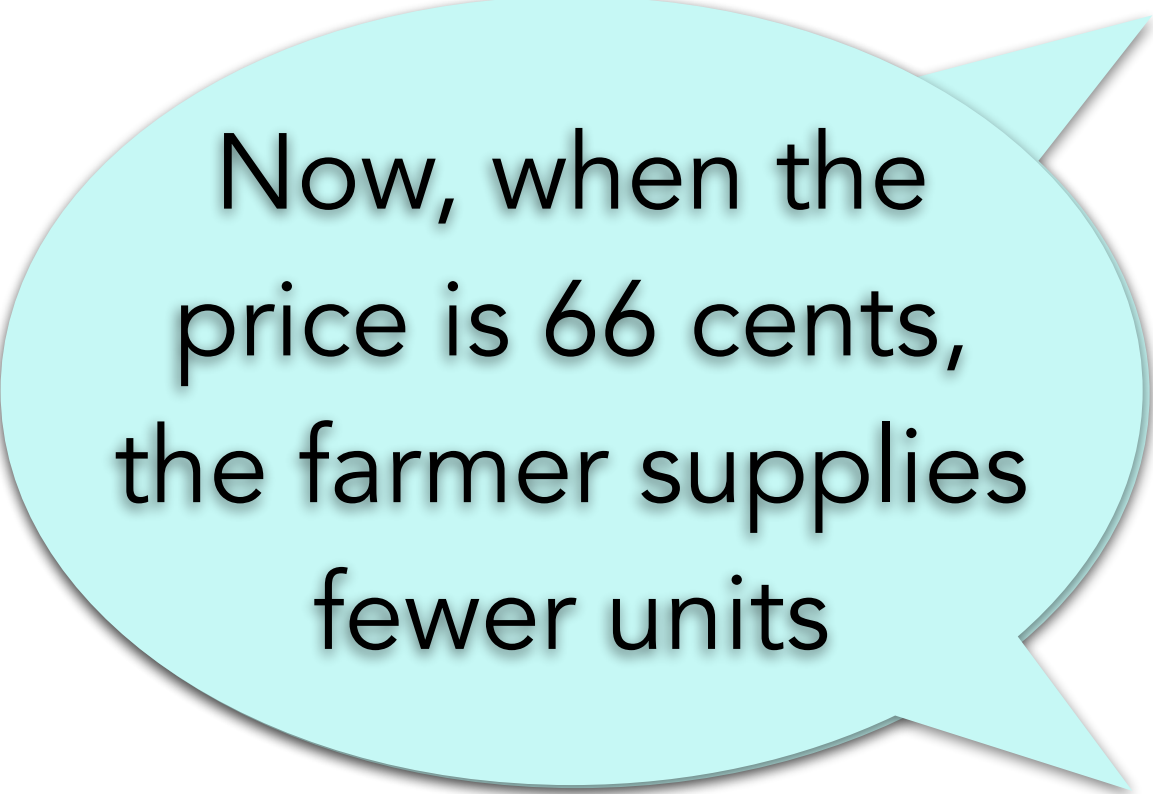
New lower
Supply







Before, when the
price was 66 cents,
the farmer supplied
15 units



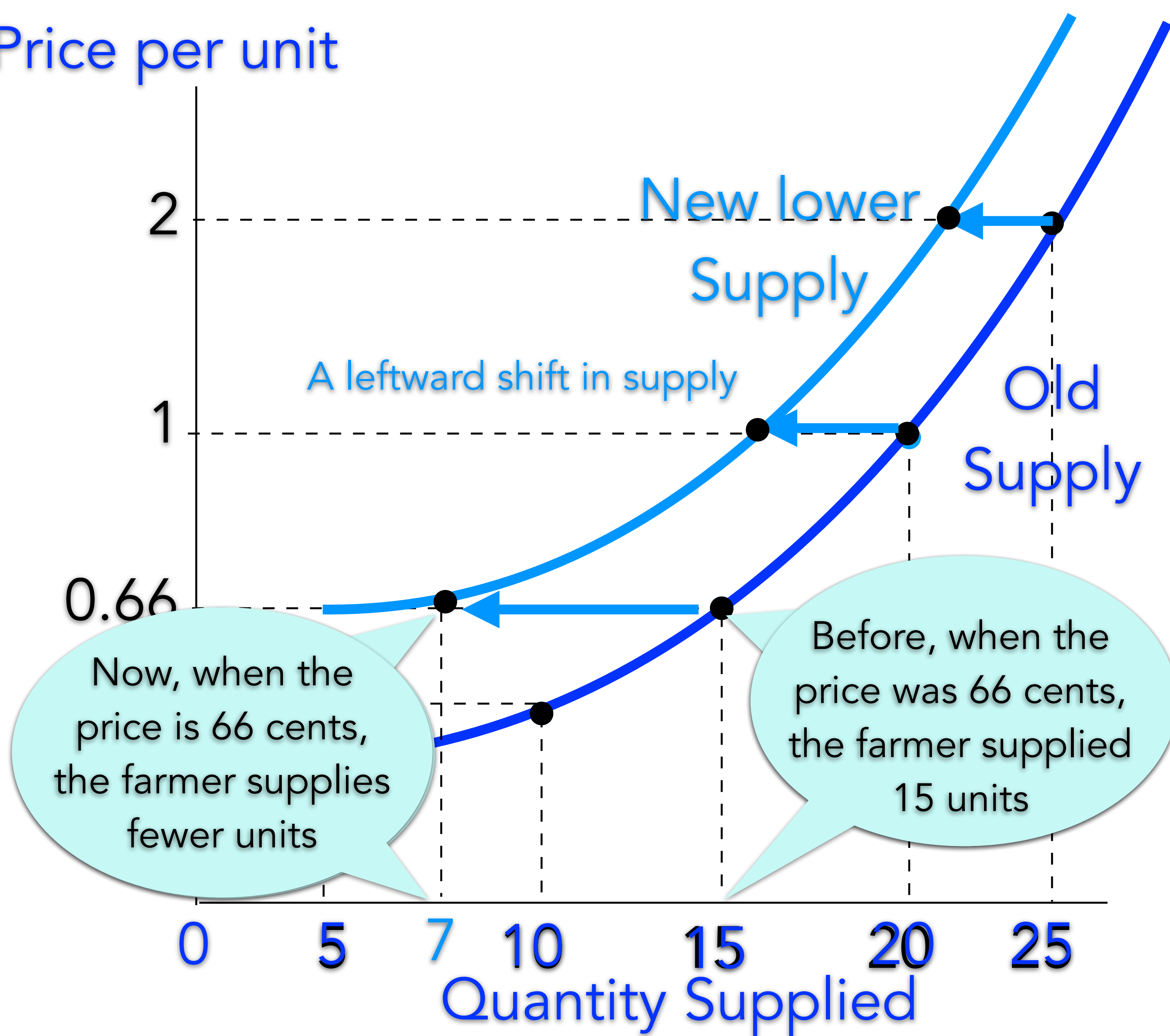
Now, when the
price is 66 cents,
the farmer supplies
fewer units

A leftward shift in supply

If the farmers' **costs** increase, they have NO power to change the **price** to cover these higher costs...

If the **price** remains the same but **costs are higher** the farmer must decrease the amount supplied

Price per unit



Price per unit

Supply

2

1

0.66

0.50

0.40

0

5

10

15

20

25

Quantity Supplied

