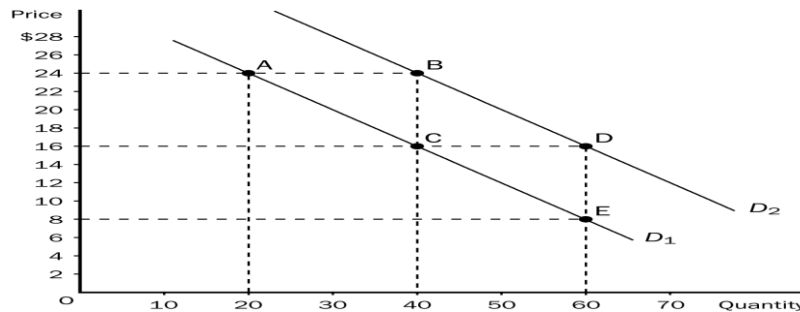


Homework #3 (10 Points)

INSTRUCTIONS: Due in the next class, before the class begins. No late submission will be accepted. You can work with others, but the homework must be your own work.

Question #1 (5 points)

- A. How the concepts of Demand (D) and Quantity Demanded (Qd) differ? What factors can change/shift Demand curve?
- B. If you move from A to B, what changes? Quantity demanded or Demand? Explain your answer.
- C. If you move from A to C, what changes? Quantity demanded or demand? Explain your answer.



Question 2. (5 points)

- a. Consider the following table that gives hypothetical data for gasoline market in New York City per month.

Price per gallon (\$)	Quantity Demanded (gallons)	Quantity Supplied (gallons)
3.50	85	35
3.60	75	55
3.70	65	65
3.80	55	75
3.90	45	85
4.00	35	95

- b. Draw a graph showing the demand and supply curves of gasoline in the city.
- c. What is the equilibrium price/quantity? If price rises to \$3.80, what happens to the market?