ECIN 103-Economics-

Assignment 1

Due Date: March 28, 2021

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ID\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Instructions**

* **Each Question carry equal marks.**
* **Provide full explanations of each part marked clearly.**
* **Single answer for all sections is not acceptable.**
* **Every Question must be explained in 200-225 words.**
* **All 4 questions be explained in 800-900 words.**
* **You must consult with LRC to write your answers in correct language and APA Style.**
* **Write Date and Time of consultation to get 5 allocated marks.**

**Upload on ampEducator.**

**Date of consultation with LRC: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Time: \_\_\_\_\_\_\_\_\_\_\_**

**Questions**

**1) Using graphs, explain what will happen to equilibrium price and equilibrium quantity of a product as a result of each of the following scenarios:**

a. A rise in the number of buyers and a decrease in the cost of producing the product.

b. A decrease in the number of suppliers and an increase in the number of buyers.

c. An increase in the cost of production and a decrease in consumers' income.

d. Advances in the technology used to produce the product and a decrease in the price of a substitute good.

**2) Explain the shifts in demand and/or supply that can result in the following observations: (Assume the demand curve is downward sloping and the supply curve is upward sloping.)**

(a) Both price and quantity rise.

(b) Price rises, quantity falls.

(c) Price rises, quantity doesn't change.

(d) Quantity rises, price doesn't change.

**3) In each of the following cases, explain what effect the changes will have on the equilibrium price and quantity in the following markets:**

|  |  |
| --- | --- |
| **Market** | **Change** |
| a) computer technicians | The use of computers in business continues to expand; while at the same time, the number of graduates in computer technology program increases |
| b) anti-cholesterol drugs | The cost of producing anti-cholesterol drugs increases; and at the same time, medical problems associated with high cholesterol continues to increase. |
| c) full-sized SUVs | The government imposes a special excise tax on full-sized SUVs; while at the same time. Gas prices decrease dramatically. |
| d) organic spinach | Medical reports indicate that spinach is an effective anti-cancer food; while at the same time a new, faster-growing variety of spinach is developed |

**4) Assume the market for coffee is initially in equilibrium.**

a) Draw a demand and supply diagram to illustrate the initial equilibrium.

b) Explain the impact on the market if there is simultaneously an increase in the price of coffee beans and a decrease in the price of tea.

c) Graphically illustrate the impact on the diagram you prepared for part (a).