

# SUPPLY & DEMAND – ECONOMICS PROJECT

## PROJECT OBJECTIVES:

DUE DATE: Thursday, April 4, 2019

- Demonstrate the ability to comprehend the effects of the interaction between supply & demand in a market society.
- Predict the outcomes when various economic situations occur.

## Join with one other member and do the following:

- Choose a product of your own making (Bob's Rock & Roll T-Shirts) and/or one with which you are familiar (i.e. Starbucks's Frappuccinos) that will be affected by the dynamics of the market economy.
- Make up two different headlines for two graphs relating to factors causing a **shift in demand**, then show how each will impact the product related to either surpluses or shortages and ultimately a change in the equilibrium price. One must be an increase in demand, the other a decrease in demand. **You may only use each cause of a shift once!!! such as population.**
- Do the same for two factors causing a **shift in supply**. You must draw a separate graph for each factor. **You may only use each cause of a shift once!!! such as technology.**
- Type a paragraph about each of your graphs (four total) to predict whether the product will demonstrate an increase or decrease in demand or supply and what will have to happen economically (i.e., shortage, surplus, price increase, price decrease).

## EACH POSTER SHOULD CONTAIN:

- Name of product
- Headline affecting change in supply or demand (5 pts. Ea.)
- GRAPH – Labeled correctly and completely (S & D Shifts) (15 pts. Each)
- Reason for the shift (5 pts. Ea.)

### Bob's Polo T-Shirt Company

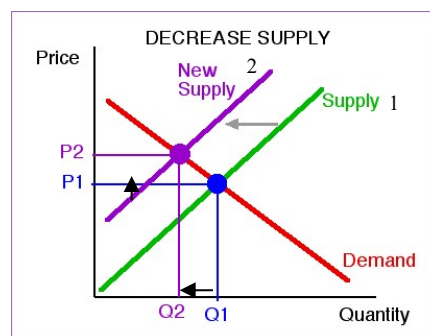
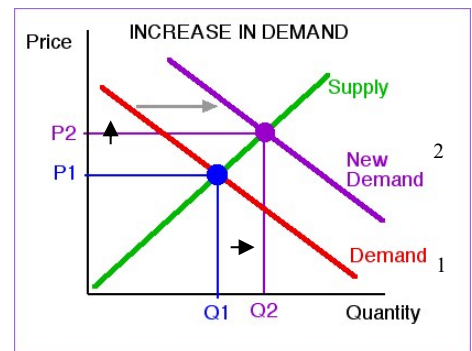
## CAUSES FOR A CHANGE IN DEMAND:

- Fads/tastes/preferences/ads
- Consumer expectations
- Substitute goods/services
- Complementary goods
- Population changes
- Income changes

## CAUSES FOR A CHANGE IN SUPPLY:

- Cost of production (inputs)
- Technology
- Number of sellers
- Global Events
- Events of Nature
- Government intervention (tariffs, subsidies, taxes, regulations)

**Demand for Polo T-Shirts**  
 "Schools Require Students to Wear Polo T-Shirts for School Uniforms" [Population change or Preferences]



### **Supply for Polo T-Shirts**

"Employee Salaries increase 7% at Bob's T-shirt Company" [Cost of Production]

# SAMPLE EXPLANATIONS

## CHANGE IN DEMAND:

“Schools Require Students to Wear Polo T-Shirts for School Uniforms”  
[Population change or Preferences]

Due to a new regulation that requires school children to wear Polo T-Shirts as part of their school uniforms, the overall demand for Polo T-Shirts will *increase at all prices*. The reason is an increase of the *population* that wears Polo T-Shirts (or a change in preference from casual clothing to Polo T-Shirts). As a result of this increase in demand, a shortage will occur because more people will be demanding (purchasing) Polo T-Shirts, but there won't be enough Polo T-Shirts to satisfy the demand. As a result, *the price will rise to the point where the shortage is eliminated and a new equilibrium price* will be established.

## CHANGE IN SUPPLY:

“Employee Salaries Increase 7% at Bob's T-Shirt Company”  
[Cost of Production]

When Bob's T-Shirt Company had to raise employee salaries as a result of the state's minimum wage increase, they were increasing their costs of doing business. As a result of their *increase in expenses (cost of production)*, they aren't able to produce the same quantity of T-Shirts for the same cost before the pay raise so the *supply decreases for all T-Shirts*. Consequently, they are decreasing the supply of T-Shirts which would *create a shortage*. In order to eliminate the shortage, Bob's T-Shirt Company can *raise the price for Polo T-Shirts to a new equilibrium price*.