

CEV406 Demand and Supply Curves Group Exercise

Draw one figure including demand and supply curves for each question. Specifically determine the initial Q_D , Q_S and P , after-change Q_D , Q_S and P .

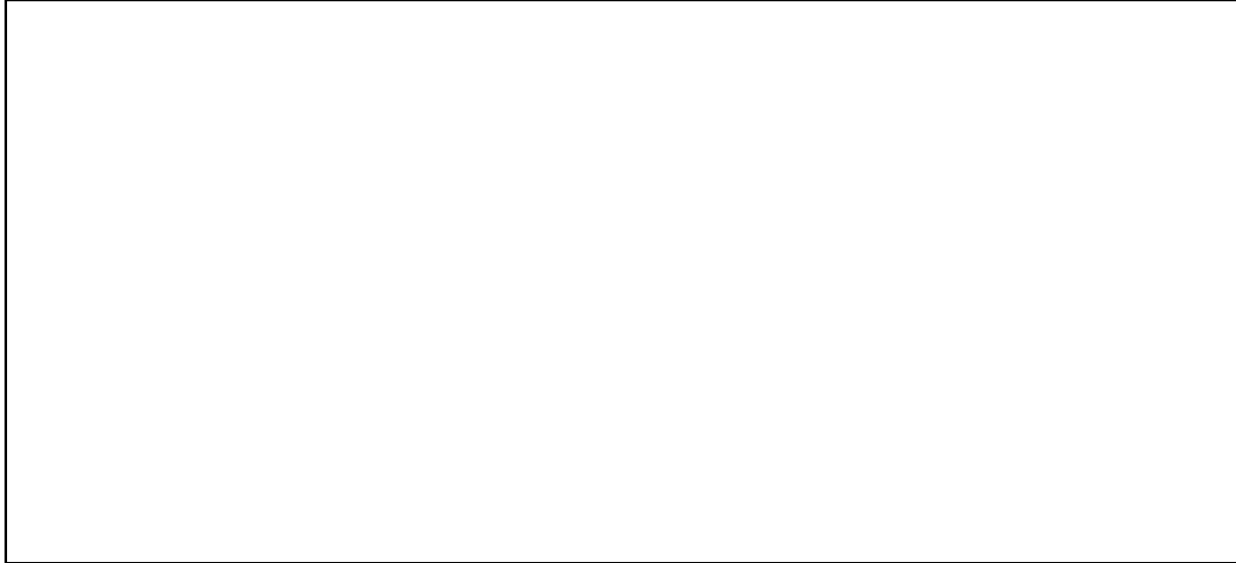
(a) A popular TV show examined the positive health effects of eating tomatoes every day. This year, due to the favorable weather condition, tomato production has increased dramatically. Draw the changes in Demand and Supply functions in the way that **the final market price is lower than the initial situation**.

Tomato Market

(b) The process of getting an organic certificate for organic-egg farmers became more time consuming and costly according to new government policy, and as the result, some producers gave up producing organic-egg and became regular-egg producers. On the demand side, however, the health-advocates are pointing out the risk of regular eggs and the benefits of organic eggs. Draw one figure for organic-egg market and another figure for the regular egg market including the necessary demand and supply curves.

Organic Egg Market	Regular Egg Market
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(c) Due to the growing market share of smart phones, the demand for compact cameras has been decreasing. At the same time, major camera producers such as SONY has shifted their production resources to smart phones from compact cameras. Draw demand and supply curves for the compact camera market in the way that $P_0(\text{camera}) > P_1(\text{camera})$.



(d) Demand for apartments in Ankara has been rising sharply. As the result, the rent for apartments in Ankara has been rising sharply. Draw both supply and demand curves for apartments market. Explain if this fact is conflicting with "the law of demand".

