

ECON 107 Practice Questions 2

1. Shortly define the following concepts. You do not need to provide a formal definition, but make sure to use the appropriate terminology.
 - a. Demand schedule
 - b. Demand curve
 - c. Demand function
 - d. Change in quantity demanded
 - e. Change in demand

2. Consider the market for SUVs (sport utility vehicles include vehicles such as Hyundai Tucson, Toyota RAV 4 etc.). Show the effect of each event listed below using market demand curve for SUVs today (just draw a general demand curve with price on the vertical and quantity on the horizontal axis, no need to specify numbers on price and quantity axis). In each part below draw the initial demand curve (before the event) and final demand curve (after the event).
 - a. Consumers income increase due to an economic boom.
 - b. Price of gasoline increases.
 - c. Consumers expect that prices of SUVs will increase in the future
 - d. Price of steel increases.

3. Consider the market for avocados in Ankara. Market demand function for avocados in Ankara is given by $Q(P)=26-0,5P$ where P is in TL per kilogram of avocados and Q is kilograms of avocados.
 - a. Draw the demand curve for avocados with price on the vertical axis and quantity on the horizontal axis.
 - b. What is quantity demanded when price is 10TL per kg? What is quantity demanded when price is 20TL per kg?
 - c. As price of avocados increase from 10TL per kg to 20TL per kg, is this a change in demand or a change in quantity demanded?
 - d. As price of avocados increase from 10TL per kg to 20TL per kg, is this a shift in demand curve or a movement along the demand curve?
 - e. Suppose there is an influx of migrants to Ankara. Demand function of migrants for avocados is given by $Q(P)=26-0,5P$. Find the new market demand function for avocados in Ankara.