Name: _____

Date: _____ Element: _____ Unit 2A Part 2 Homework

Directions: For each of the following prompts…

a. Draw the graph using the proper labeling techniques discussed in class. If demand changes, draw the shifted curve and the original curve with proper labels. If quantity demanded changes, draw only the original curve and indicate whether the point moves up the curve or down the curve according to the law of demand.
b. State whether this is a change in demand or a change in quantity demanded.
c. State the determinant from the acronym PRICE.

1. Consider the market for grapefruits. If the price of oranges falls - which are a substitute for grapefruits - what happens to the demand for grapefruits?

2. Consider the market for fruit snacks. If the price of fruit snacks decreases today, what happens to the demand for fruit snacks?

3. Consider the market for jackets. If jackets are a normal good, what happens to the demand for jackets if income rises?

4. Consider the market for gasoline. If the price of gasoline is expected to decrease in the near future, what happens to the demand for gasoline today?

5. Consider the market for baby formula. If the birth rate rises, causing an increase the population of newborns, what happens to the demand for baby formula?

6. Consider the market for coffee. If the price of cream rises, what happens to the demand for coffee? Assume coffee and cream are complements.

7. Consider the market for Trendy Shoes. If all the celebrities are photographed wearing Trendy Shoes, generating a fad that everyone wants to copy, what happens to the demand for Trendy Shoes?

Quantity of Cupcakes	Total Utility from Cupcakes Consumed (in utils)	Quantity of Snickerdoodles	Total Utility from Snickerdoodles (in utils)
0	**0**	**0**	**0**
1	**8**	**1**	**10**
2	**15**	**2**	**18**
3	**21**	**3**	**24**
4	**26**	**4**	**28**
5	**30**	**5**	**31**
6	**33**	**6**	**33**

8. What is the total utility of eating two cupcakes? _____

9. What is the marginal utility of the third cupcake eaten? _____

10. What is the marginal utility of the fifth snickerdoodle eaten? _____

11. What is the total utility of eating six snickerdoodles and two cupcakes? _____

12. If snickerdoodles cost $5, how many snickerdoodles will be eaten to maximize utility? (Hint: MU = P)

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