

Supply and Demand of Horse Drawn Carriages

Answers

Directions: Using a horse drawn carriage is popular for many weddings, making it another choice for Ms. Supply and Mr. Demand. Work through each step in this activity and be prepared to discuss your answers with the rest of the class.

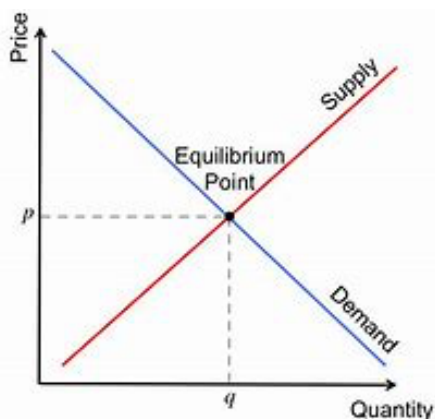
Directions Part 1: List the determinants of Supply and Demand.

Determinants of Demand	Determinants of Supply
1. Tastes & preferences	1. Resource prices
2. Number of consumers in the market	2. Technology
3. Price of related goods	3. Number of sellers in the market
4. Changes to income	4. Government intervention
5. Consumer expectations	5. Prices of other goods
	6. Price expectations

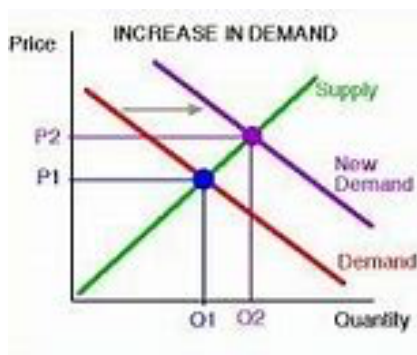
Part 2: Supply and Demand Market Graph

Directions: Answer the following questions to explain the impact of determinants on the market for carriage rides.

1. Draw a Supply and Demand graph for horse drawn carriages. Be sure to correctly label the graph, including both curves, the equilibrium point, the x-axis, and the y-axis.



2. In the market graph drawn above, show what happens to the market for horse drawn carriages when a popular celebrity arrives at her own wedding in a horse drawn carriage.



3. Based on the shift in question 2, did the celebrity's use of a horse drawn carriage in her own wedding impact the supply curve or the demand curve?

Demand

4. What determinant shifted the curve in this example?

Tastes and Preferences

5. Did this shift reflect an increase or decrease?

Increase

6. Use an arrow to indicate what happened to price and quantity after this shift?

P up arrow (increased) Q up arrow (increased)

7. Identify one scenario or event that might happen to change supply. Be sure to indicate if it would increase or decrease supply and the impact it would have on equilibrium.

Answers will vary, but should relate to one of the determinants of supply.