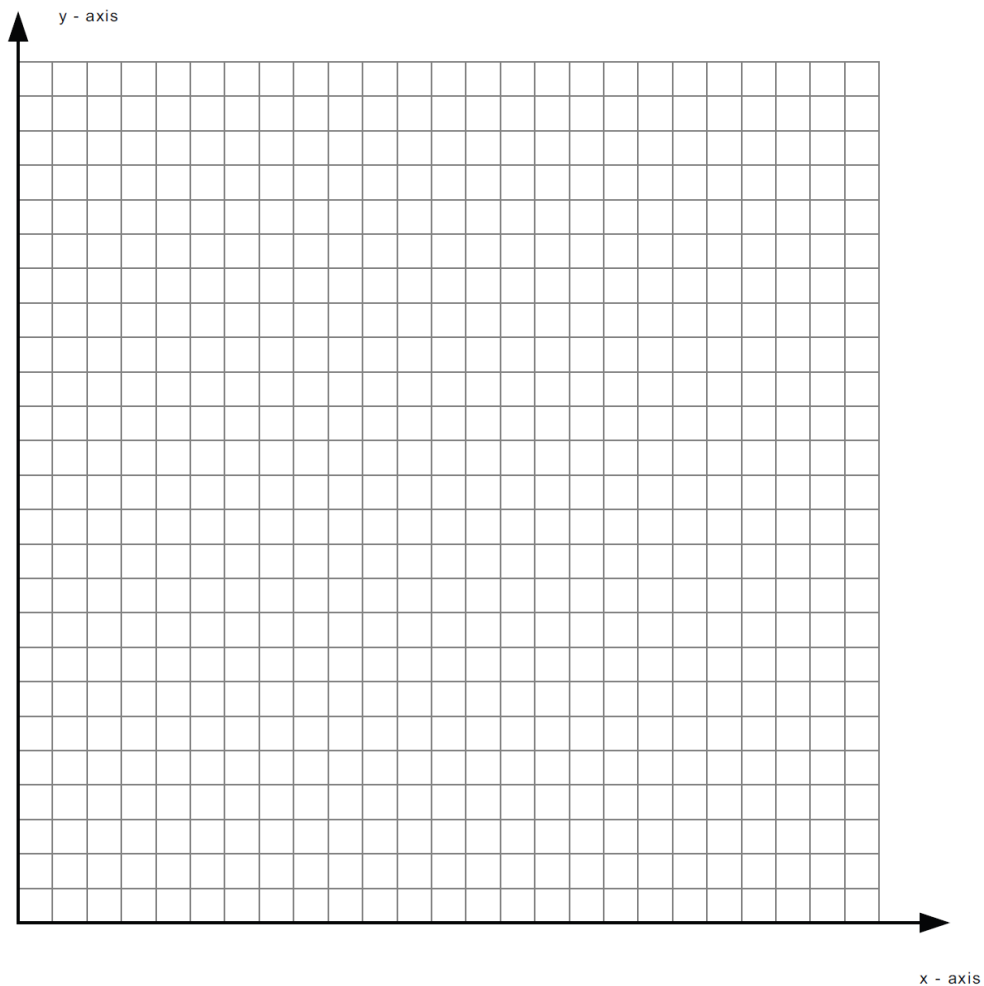1. Graph the following price and quantity information for athletic shoes. Label all parts of the graph including price, quantity, supply, demand and the equilibrium point as E1.

| Price(s)	Quantity demanded (000)	Quantity supplied (000)
15	225	75
20	200	100
25	180	140
30	170	142
35	162	148
40	150	150
45	145	155
50	130	170
55	110	200
60	80	225

y - axis

x - axis

2. Is the demand curve a direct or inverse relationship? Explain how price relates to quantity demanded.

3. Is the supply curve a direct or inverse relationship? Explain how price relates to quantity supplied.

4. What is the equilibrium price and quantity (give the dollar amount and quantity amount)?

5. If a price changes from $35 to $40 is this a movement along or a shift of the demand or supply curve. Explain the changes in quantity demanded and quantity supplied.

6. If incomes increase, will the supply curve, demand curve or equilibrium price and equilibrium quantity change? How? Show on a separate graph by tracing the original curves from question 1 and adding any needed new curves, label the new equilibrium point E2 and explain in writing.

y - axis

x - axis
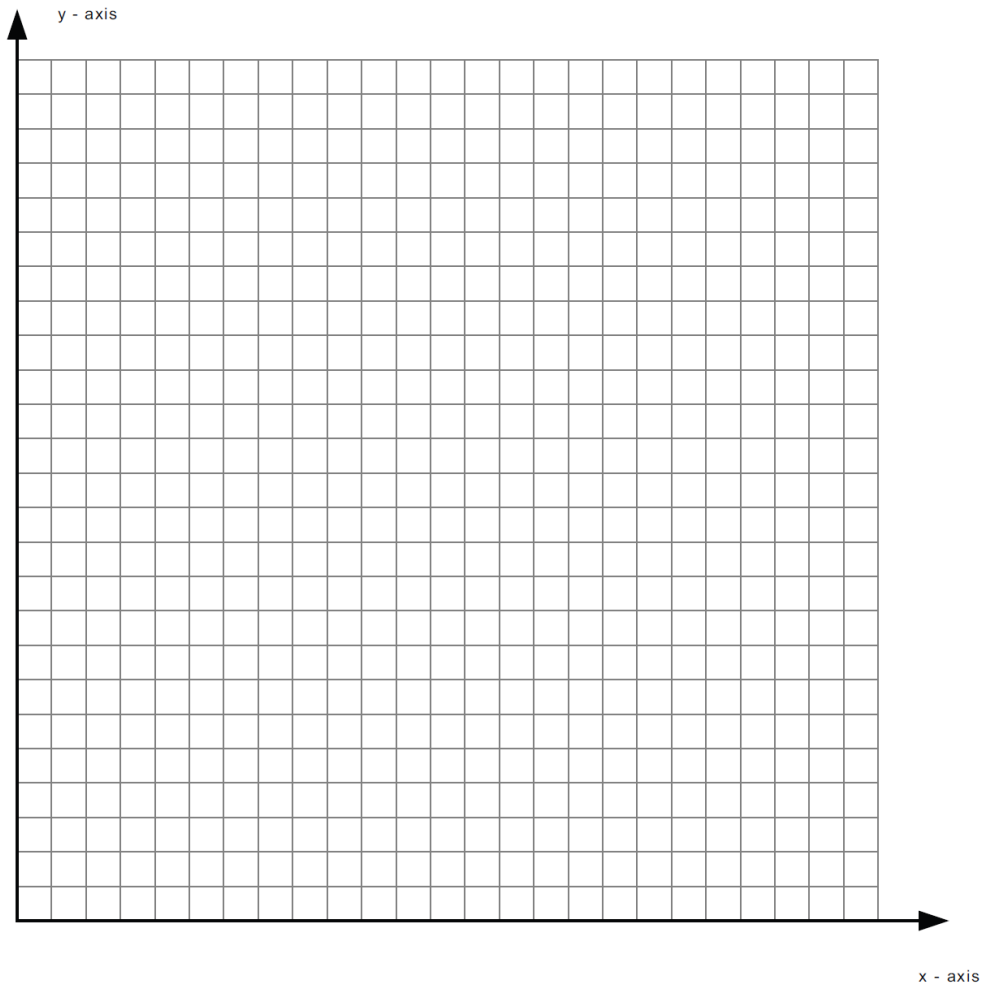
7. If labor costs decrease, will the supply curve, demand curve or equilibrium price and equilibrium quantity change? How? Show on a separate graph by tracing the original curves from question 1 and adding any needed new curves, label the new equilibrium point E3 and explain in writing.

y - axis

x - axis
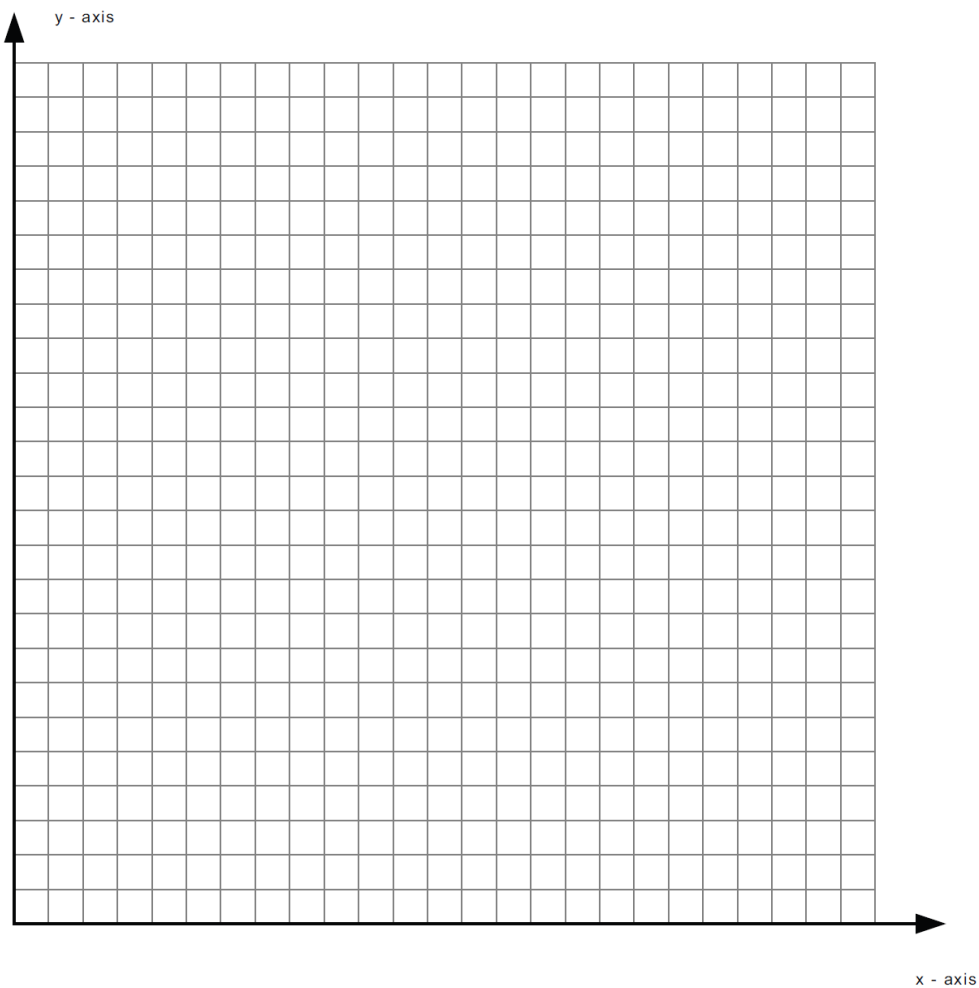
8. If a substitute good (tennis shoes) becomes available at a lower price, will the supply curve, demand curve or equilibrium price and equilibrium quantity change? Show on a separate graph by tracing the original curves from question 1 and adding any needed new curves, label the new equilibrium point E4 and explain in writing.

y - axis

x - axis