RM 3-7-1: Demand and Supply of Leather Jackets

The following figures are the demand and supply for leather jackets bought and sold from one clothing store:

Quantity Demanded	Price Per Jacket	Quantity Supplied	Surplus/Shortage
90	$170	60	
85	180	65	
80	190	70	
75	200	75	
70	210	80	
65	220	85	
60	230	90	

Questions

1. Graph the data and determine the equilibrium price.

2. Fill in the surplus and shortage column.

3. On your graph, shade in the areas which represent a surplus or shortage.

4.Suppose the incomes of customers buying jackets rise. What might happen to the demand for jackets? What would happen to the demand curve?

5. Suppose the costs of making jackets falls. What might happen to the supply of jackets? What would happen to the supply curve?