

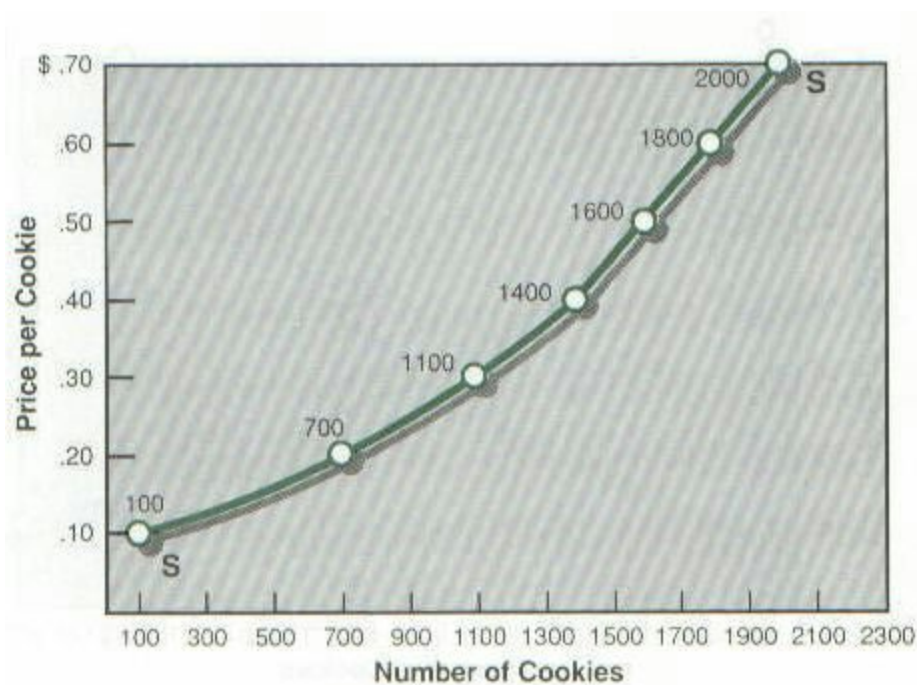
## Chapter 5.1

# What is Supply?

What is the definition of supply?

According to the Law of Supply, what impact do higher prices have on the amount producers are willing to supply?

Look at the supply curve for cookies and answer the following questions below:



According to the supply curve, if cookies sell for \$.20 a piece, approximately how many cookies will the baker produce?

According to the supply curve, if cookies sell for \$.50 a piece, approximately how many cookies will the baker produce?

Why will a baker produce more cookies if prices rise? Explain.

The price of a product **changes the quantity supplied**. However, there are also a number of factors that will **cause a change in supply**. Use your textbook to explain each of the following factors in changing the level of supply. I've done the first one for you as an example.

<b>Change</b>	<b>Explanation</b>	<b>Raises Supply</b>	<b>Lowers Supply</b>
Cost of Inputs	Inputs are raw materials and labor	Cheaper raw material or labor costs	More expensive raw materials or labor costs
Productivity			
Technology			
Taxes and Subsidies			
Expectations			
Government Regulations			
Number of Sellers			

Define Supply Elasticity