

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

**Note: You cannot ever draw either supply or demand without the other. If you do, it is meaningless.**

1) (20 points each) Illustrate the following events on the supply and demand for bananas. Explain why the curve(s) moved as drawn. What happens to the price and quantity sold? Draw Parts A, B, C, and D on separate graphs.

A) People decide to eat more fruits because it is healthier than meat.

B) The price of pineapple increases.

C) People's incomes increase.

D) The supply of bananas increases. (If we had covered more material, this question would have been worded differently. It might have been worded like, "The wages of farm workers increases." or like, "The cost of fertilizer increases.")

2) (20 points) Explain why the supply curve slopes up using the term "opportunity costs."