

Topic: Supply.

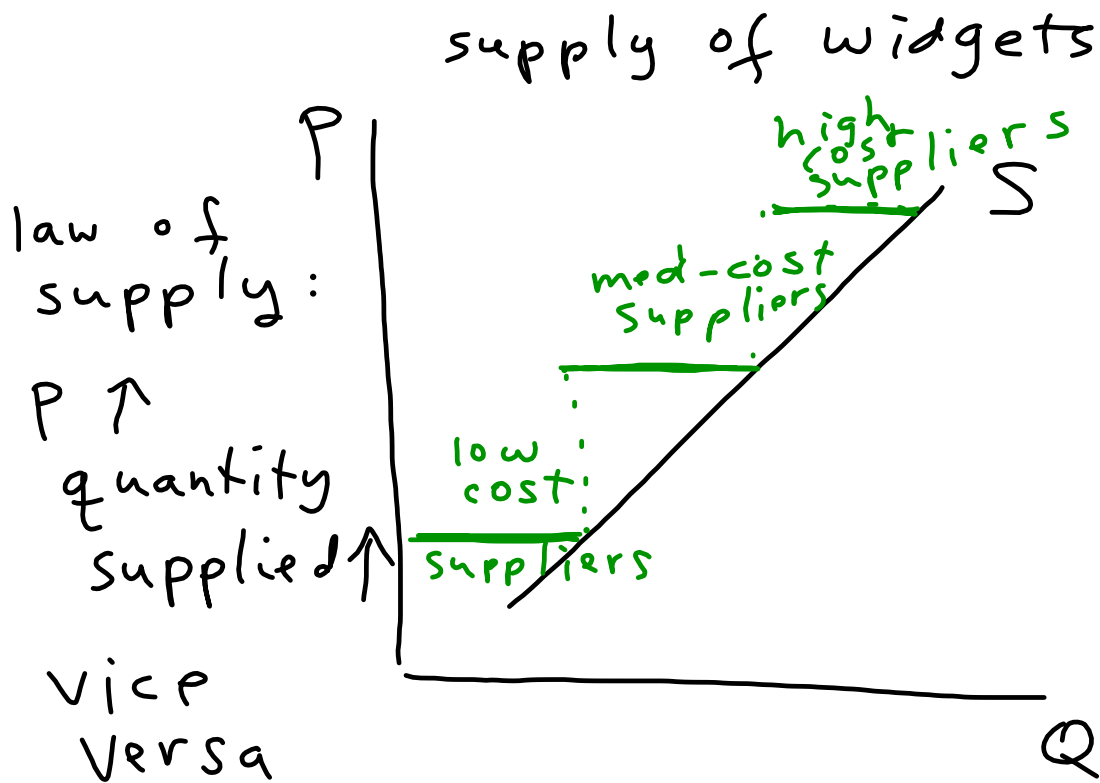
put your "supplier"  
hat on

high price = good

low price = bad

high wages = bad

low wages = good



shifters of supply:

input price  $\uparrow$   $S \downarrow$   
 (raw materials,  
 wages,  
 rent)

input price  $\downarrow$   $S \uparrow$

related goods & services:

refinery: gasoline  
 kerosene

kerosene  $P \uparrow$   
 gasoline Supply  $\downarrow$

"substitutes in production"

change in expectations  
on  $P$ :

if  $P$  expected to go up  
in the near future,

$S \downarrow$

if  $P$  expected to go  
down,  $S \uparrow$

change in number of  
producers:

# prod  $\uparrow$      $S \uparrow$

"    "  $\downarrow$      $S \downarrow$