

Week 2 Homework: Supply and Demand

ECO 120: Global Macroeconomics

Homework 2: Supply and Demand

1. Avian flu is a disease that affects birds, including poultry, which is often deadly for the birds and is highly contagious. In 2024, more than 34 million egg-laying hens in the United States have died or were destroyed to prevent further outbreaks. Describe and illustrate the impact on the equilibrium price and quantity of eggs.
2. Mortgaged interest rates increased from 2022-2023 and remain near 15-year highs, making it more expensive for people to borrow money to buy a house. At the same time, there have been increasing costs and decreasing availability of building materials. Describe and illustrate the impact on the equilibrium price and quantity of housing.
3. In 2020, wildfires and wildfire smoke destroyed thousands of acres of wine grape crops in northern California. Describe and illustrate the impact on the equilibrium price and quantity of wine.

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4. Walmart sells a number of inferior goods, such as inexpensive off-brand clothing, off-brand food, etc. Unemployment rates in the United States have decreased over 2022-2024 and income and wages for low-income workers have grown. Describe and illustrate the impact on the equilibrium price and quantity of inferior goods at Walmart.
5. A rise in remote work opportunities leads to an increasing number of people relocating away from urban areas to suburban and rural areas. Describe and illustrate the impact on the equilibrium price and quantity of suburban housing.
6. The Inflation Reduction Act of 2022 created two tax credit programs for solar panel manufacturers. The programs provided approximately \$14 billion dollars to be distributed to businesses that produce solar panels. Describe and illustrate the impact of this program the equilibrium price and quantity of solar panels.
7. There have been recent technological improvements in the production of electric vehicles and their batteries. Describe and illustrate the impact the equilibrium price and quantity of electric vehicles.