

Pop-quiz 3

EC 201

September 28, 2021

Please read the questions **carefully** and select the best option.

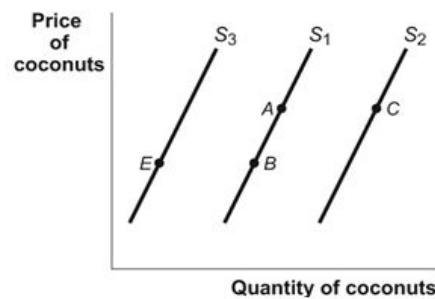
Q1. Aaron Hank is a star hitter for the Bay City baseball team. He is close to breaking the major league record for home runs hit during one season, and it is widely anticipated that in the next game, he will break that record. As a result, tickets for the team's next game have been hot commodities. But today it is announced that, due to a knee injury, he will not in fact play in the team's next game.

Suppose the announcement results in a lower equilibrium price and lower equilibrium quantity than before the announcement. Which of the following statements best describes what occurred in the market for tickets?

1. The announcement caused the demand for tickets to decrease.
2. The announcement caused the demand for tickets to increase.
3. The announcement caused the supply of tickets to decrease.
4. The announcement caused the supply of tickets to increase.

Correct answer: 1

Q2. An expectation on the part of coconut suppliers that the price of coconuts will be significantly higher in the very near future would be represented in the figure as a movement from:



1. A to B
2. B to A
3. A to C
4. B to E

Correct answer: 4