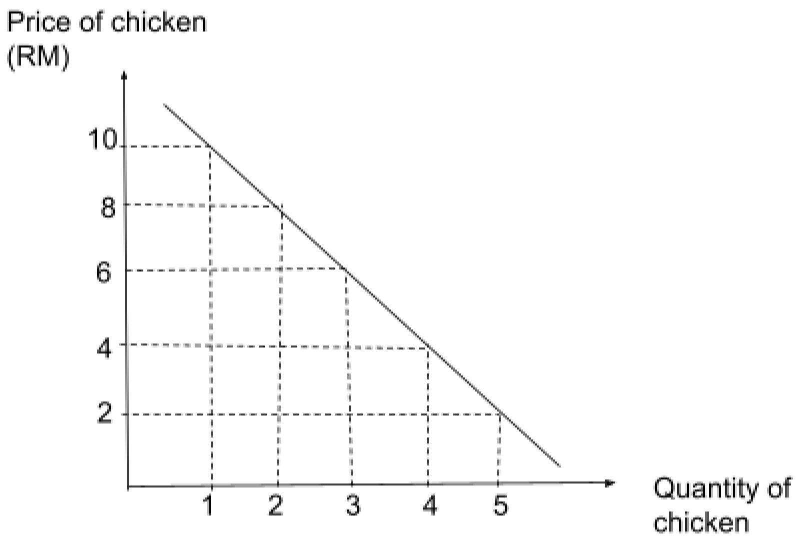
PRINCIPLES OF MICROECONOMICS (SBSD1013)

GROUP ASSIGNMENT 1

No.	Name	Metric No
1	LASARUS DEREMAN AK EDWARD JACOB	A21BS5001
2	NURFARIAH NAYLI BINTI MOHD NAIM	A21BS0106
3	SITI SAFURA BINTI YUSRI	A21BS0137
4	SALIHAH SYAIRAH BINTI AZHARI	A21BS0133

ANSWERS - QUESTION 1

a) **Increase the prices of chicken. The issue of rising chicken prices which is a burden on consumers at this time needs to be addressed in an integrated manner by all ministries involved to ensure the supply of chicken is not affected. The higher the price of chicken, the less the number of chicken demand.**

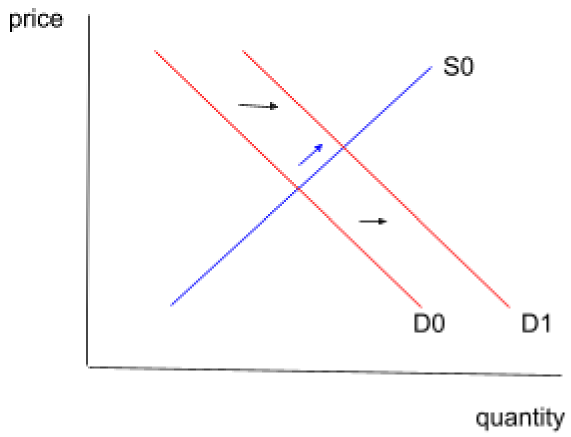


Price of chicken increase = Quantity demand of chicken decrease

P = 1/Q

b) **If the government wants to stabilize the number of chickens purchased every year, the government needs to produce more and cheaper sources of chicken feed so that the number of chickens produced increases every year. The price of each chicken will decrease due to the production of chickens that exceeds the limit so this will maintain the price of chicken every year. A possible shortage is the reduced production of maize and soybean numbers due to weather factors. Drought weather can cause plant yields to be infertile and roots to not be able to grow well.**

c) **Demand shifts right**



Demand

- **Shifts out**
- **Higher quantity demanded at each price**

Supply

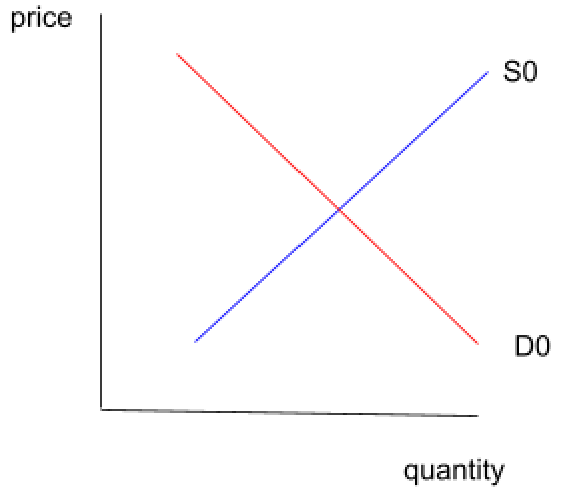
- **Same supply curve**
- **Higher quantity supplied**

So the quantity and the price of chicken will increase

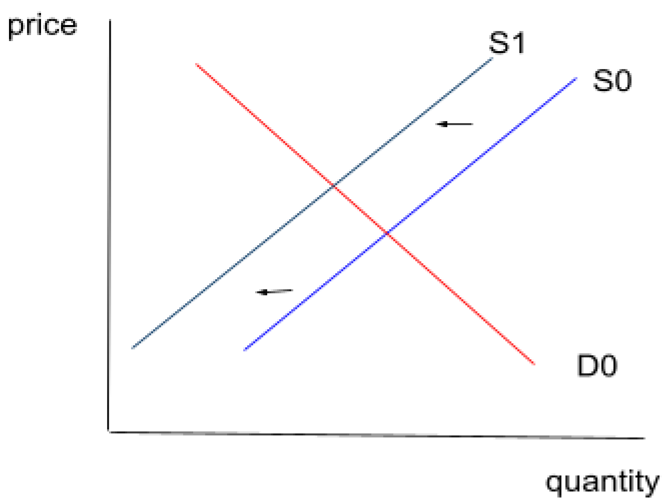
d) **Agree,a shortage is the amount by which the quantity demanded is higher than the quantity supplied. The shortage signals that the price is too low . So the suppliers will not supply all of the product that consumer are willing to buy. In a competitive market, a shortage will not last . Sellers will raise their price depend on their demand .**

ANSWERS - QUESTION 2

a)



i)



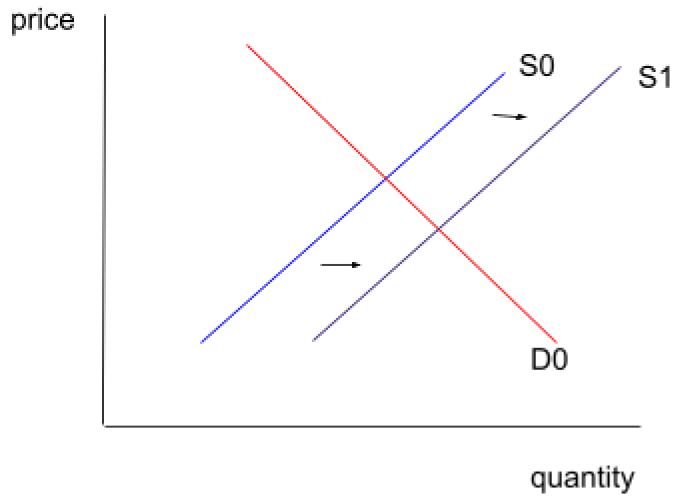
Demand

- **Same demand curve**
-
- **Lower quantity demanded**

Supply

- **Supply shifts to left**
- **Less quantity supplied at each price equilibrium**
- **Higher price and lower quantity**
- **So, when the quantity of oranges decrease the price will increase**

ii)



Demand

-same demand curve

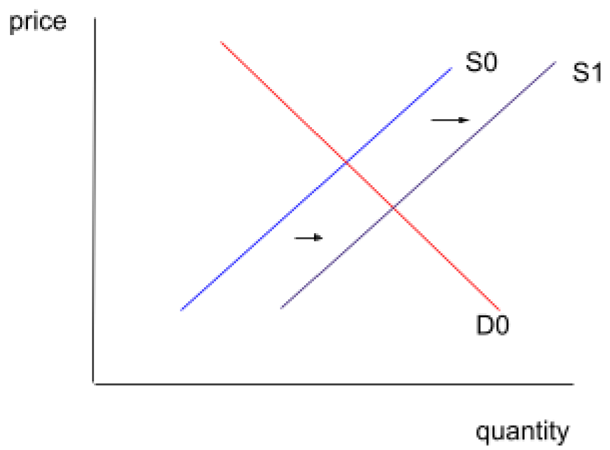
- higher quantity demanded

Supply

- **Supply shifts to the right**
- **More quantity supplied at each price**

Lower price and higher quantity . this is due to the agricultural extension service of the university of florida.

iii)



Demand

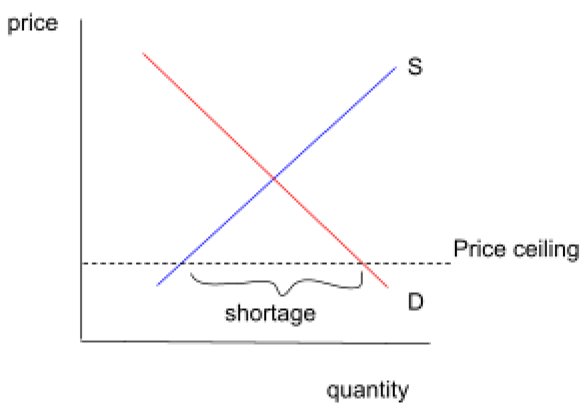
-same demand curve

- higher quantity demanded

Supply

- **Supply shifts to the right**
- **More quantity supplied at each price**
- **The price of oranges will be decreased and the quantity will be incresed. This due to the statement which is orange juice can reduce the risk of heart attack**

b)



- **Price ceiling is the highest point at which goods and services can be sold.**
- **When a price ceiling is set below the equilibrium price,quantity demanded will exceed quantity supplied.**
- **Shortage will exist.**
- **Price ceiling will be needed when conditions occur in high inflation, event of investment bubble and event of monopoly ownership of a product .**