**Student Name:**

*Please answer the following questions. Submit as a Microsoft Word® document to the Dropbox when completed.*

1. Analyze what would happen to equilibrium price and quantity in the market for Pepsi if the following occurred (be sure to indicate WHY it happens as well):
	1. The price of Coke decreases.
	2. Average household income falls from $50,000 to $43,000
	3. There are improvements in soft-drink bottling technology.
	4. The price of sugar increases and the Pepsi launches an extremely successful advertising campaign.
	5. Analyze the following demand and supply equations. What is market equilibrium price? What is market equilibrium quantity?

Demand: Qd = 100 – 4P

Supply: Qs = 10 + 6P

* 1. Assume the government places a price ceiling at $7 in the market. What is quantity demanded? What is quantity supplied? Is there a shortage or a surplus?
1. Using the diagram below, answer the following questions:



* 1. How much is the per-unit tax on cigarettes?
	2. What price do consumers pay after the tax?
	3. How much tax revenue is collected?
	4. What is the amount of deadweight loss?