As an economist for ABC Plastics, your boss has asked you to respond to some questions she has regarding the company’s main product, tablet cases. A marketing research firm recently developed the following supply and demand schedules for tablet cases:

|  |  |  |
| --- | --- | --- |
| **Price/Case** | **Quantity Demanded** | **Quantity Supplied** |
| $24  | 5000  | 18000  |
| 22  | 6000  | 17000  |
| 20  | 7000  | 16000  |
| 18  | 8000  | 15000  |
| 16  | 10000  | 14000  |
| 14  | 11000  | 13000  |
| 12  | 12000  | 12000  |
| 10  | 13000  | 11000  |
| 8  | 14000  | 10000  |
| 6  | 15000  | 9000  |
| 4  | 16000  | 8000  |
| 2  | 17000  | 7000  |

You are to develop a report addressing the following questions and present your findings to the Board of Directors:

Questions:

1. Construct a graph showing supply and demand in the tablet case market, using Microsoft Excel.
2. How are the laws of supply and demand illustrated in this graph? Explain your answers.
3. What is the equilibrium price and quantity in this market?
4. Assume that the government imposes a price floor of $16 in the tablet case market. What would happen in this market?
5. Assume that the price floor is removed and a price ceiling is imposed at $8. What would happen in this market?
6. Now assume that the price of tablet cases drops by 50%. How would this change impact the demand for tablet cases? Explain your answer and reconstruct the graph developed in question one to show this change.
7. Assume that incomes of the consumers in this market increases. What would happen in this market? Explain your answer and reconstruct the graph developed in question one to show this change.
8. Assume that the number of sellers decreases in this market. What would happen in this market? Explain your answer and reconstruct the graph developed in question one to show this change.
9. Explain the difference between a normal good and an inferior good. Would your answers to question #7 change, depending on whether this good is a normal or inferior good? Why or why not?

Present your analysis in Microsoft Excel format. Enter non-numerical responses in the same worksheet using textboxes.