Teacher Answer Key

Case Study

1. Improved yields and lower tariffs reduced marginal cost, moving supply outward.

2. Lower production costs enabled firms to exceed initial forecasts, boosting output.

Multiple Choice

1. A

2. B

3. D

Matching

1-C, 2-A, 3-B, 4-E, 5-D

Fill-in-the-Blank

1) direct, 2) Marginal, 3) expand/outward

Short Answer (Sample Responses)

Q1: Higher energy costs raise marginal cost, causing firms to reduce planned output at each price.

Q2: Anticipating higher future revenue, firms preserve inventory today to sell later at higher prices.

Q3: A movement along reflects response to a price change; an outward movement reflects non-price improvements.