

E319

QUIZ 1

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The demand for oil is given by $Q_d = 100 - P$, where P is price per barrel of oil and Q is quantity of oil measured in millions of barrels per day. The supply of widgets is given by $Q_s = 70$. Find the equilibrium price and output of oil and illustrate the equilibrium with a diagram.

If the demand for oil increases because of vigorous world economic growth, how would you adjust the demand function given above to show a greater quantity demanded at each price?