1. Suppose the equilibrium price of Grateful Dead CD’s is $10. An increase in the demand for these CD’s following the death of Jerry Garcia will:
   a. increase the equilibrium price and decrease the equilibrium quantity supplied.
   b. decrease the equilibrium price and increase the equilibrium quantity supplied.
   c. increase the equilibrium price and increase the equilibrium quantity supplied.
   d. decrease the equilibrium price and decrease the equilibrium quantity supplied.

2. Suppose a new CD shop opens up in Richmond near the UR campus. What do you think will happen in the Richmond compact disk market?
   a. the supply curve will shift to the right causing the price of CD’s to fall and quantity demanded to decrease.
   b. the supply curve will shift to the left causing the price of CD’s to rise and quantity demanded to decrease.
   c. the supply curve will shift to the right causing the price of CD’s to fall and quantity demanded to increase.
   d. the demand curve will shift to the right causing the price of CD’s to rise and quantity supplied to increase.

3. (a) Draw a graph illustrating an equilibrium situation in the market for ski lessons in Stowe, Vermont. Use your graph and words to describe what will happen in this market following an increase in the wages received by ski instructors. Be sure to show and explain what happens to the equilibrium price and quantity of ski lessons following the change.
   (b) Assume that snowboarding lessons are a substitute for ski lessons. Use a new graph and words to describe what will happen in the Stowe market for snowboarding lessons following the change in part (a).