

# Corn supply and demand schedule

[Literature](#), [Russian Literature](#)



## Corn Supply and Demand Schedule

1. Plot the supply and demand curves for the initial supply and demand (i. e.  $Q_{s1}$  and  $Q_d$ )

Suppose that the supply of corn increased by 60 million bushels at every price. Show the new supply schedule as  $Q_{s2}$  on the previous table.

a. The new equilibrium price of corn is \$ 4. 00\_\_\_\_\_

b. The new equilibrium quantity of corn is 300 million bushels.

c. Has the demand for corn changed as a result of this change in supply?

Explain briefly. The demand for corn has risen from 280 million bushels to 300 million bushels. As the supply increased, the price dropped resulting in manufacturers using more corn and finding more ways to use it at the lower price.

3. Give an example of a factor that could have caused such an increase in the supply of corn, and explain briefly.

If there is favorable weather in the Corn Belt, there will be an increase in supply. The price of corn drops, and products such as corn syrup become more competitive against other types of sweeteners.

4. What happens to the market equilibrium if the decrease in demand is smaller than the increase in supply? Explain and show your answer on a graph.

If the decrease in demand is smaller than the increase in supply, the product will find equilibrium at a higher price. If farmers produce more corn, the market will continue to use the increased yield, but the small decrease in demand will assure that prices will still remain high. In this example, with

less decrease in demand, the price reaches \$4.75 a bushel instead of \$4.50. Demand rises above 300 million bushel.