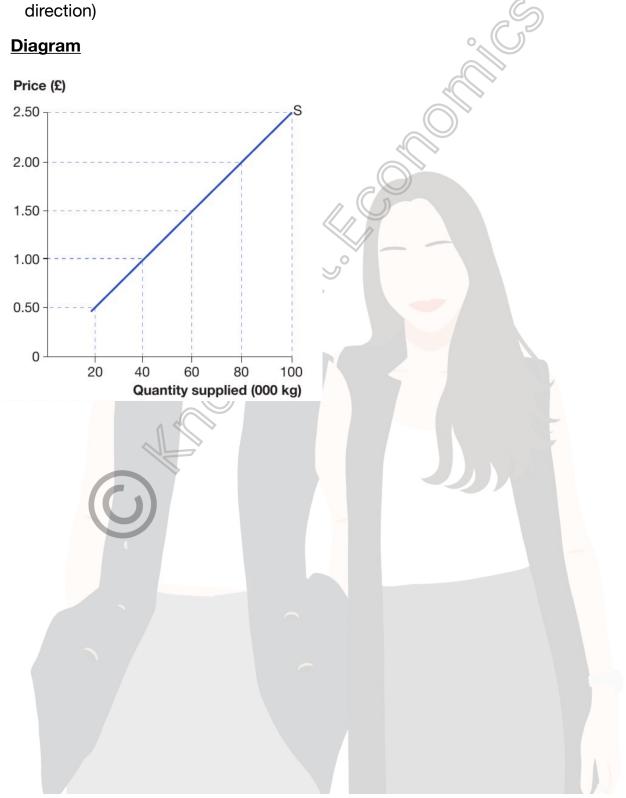
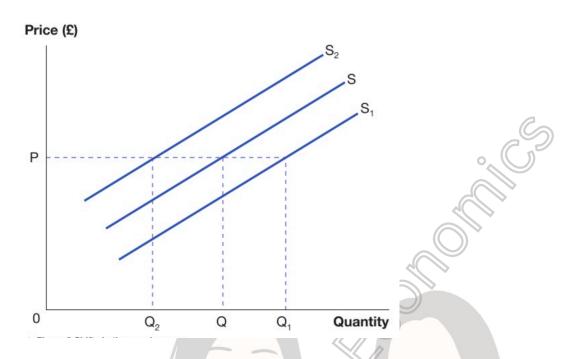
## **CHAPTER 5: Supply**

- Supply: is the amount of product that suppliers are willing and able to produce at any given price.
- Supply Curve is the upward sloping ( Price and quantity have the same



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## **Factors shift supply curve**



## **Example - Supply shifts to the right**

- Decreases in cost of production: Supply is likely to shift to the right
- Introduction of new technology: It can increase productivity and lower average cost, supply is likely to shift right.
- Indirect taxes : eg. VAT
- : Lower indirect tax means lower cost of production, Supply is likely to shift right
- Government subsidies : grants from the government which leads to lower cost of production. Supply is likely to shift right.
- External shocks eg. World events, weather, Government etc