

Name: _____

Date: _____

Part I: Demand

1. Demand:

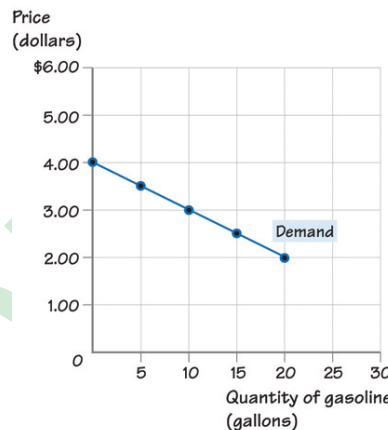
2. The **Law of Demand** is the tendency for the price and quantity demanded to move in opposite directions.

3. According to the law of demand, as price increases, demand will decrease

4. According to the law of demand, as price decreases, demand will increases

5. A demand schedule is a table that shows to the quantity demanded of a particular good at a particular price.

6. A demand curve is a graphical representation of the demand schedule for a good, showing the quantity demanded at each price.



Alicia's Demand Schedule for Gasoline	
Price (dollars)	Quantity of Gas Demanded (gallons)
\$2.00	20
2.50	15
3.00	10
3.50	5
4.00	0



7. Market Demand is the quantity demanded **by all consumers in the market**.

8. In economics, how do we find the market demand? **By adding the demand of every consumer in the market**

9. For graphing market demand, Once we find our market demand #, that is the only quantity we graph at each price. We DO NOT graph Alicia's and Fred's demand as well.

Table 10.1 The Market Demand Schedule

PRICE (DOLLARS)	ALICIA'S DEMAND (GALLONS)	FRED'S DEMAND (GALLONS)	MARKET DEMAND (GALLONS)
\$2.00	20	30	50
2.50	15	25	40
3.00	10	20	30
3.50	5	15	20
4.00	0	10	10

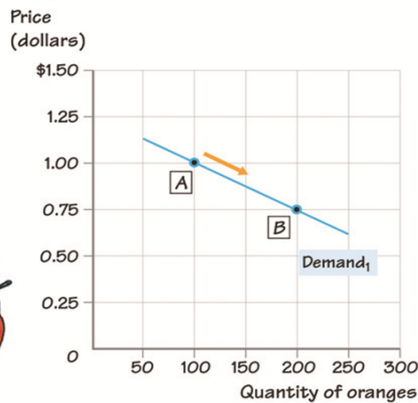


10. A **shift** in the demand curve means that at every price, the amount that people are willing and able to buy a good has changed.

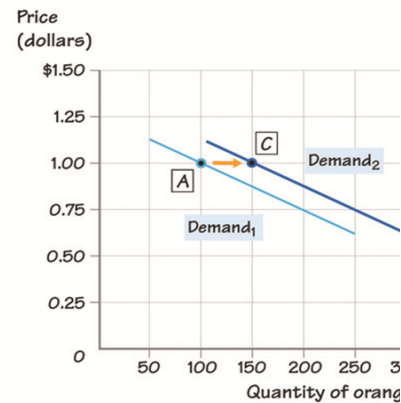
11. If demand for a product at a particular price **increases**, then the shift in the demand will move to the **right**.



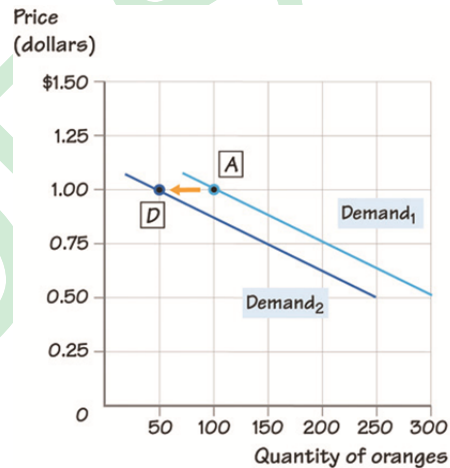
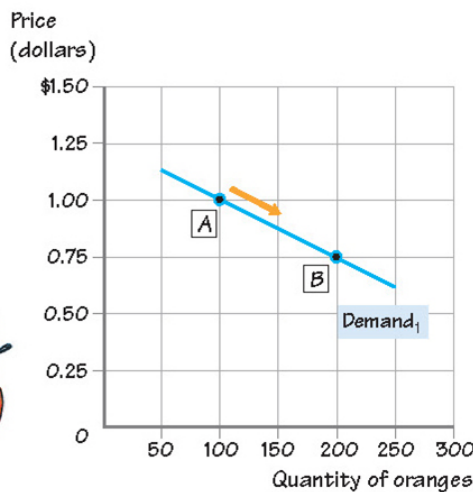
(a) A Movement along the Demand Curve



(b) A Shift of the Demand Curve



12. If demand for a product **decreases**, then the shift in the demand will move to the **left**.

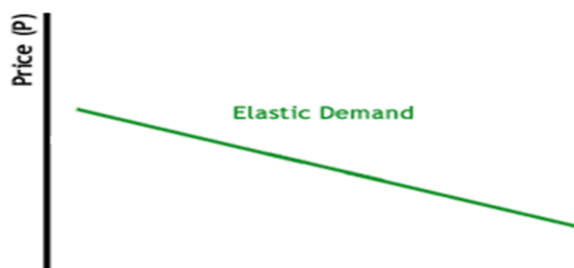


13. What are the five factors discussed that cause demand for products to shift?

- ****Income**
- **Taste of consumers**
- **Price of related goods**
- **Expectations**
- **The # of buyers**

14. When a price increase leads to a relatively large decrease in the quantity demanded, demand is considered **elastic**

15. When a price increase leads to a relatively small decrease in the quantity demanded, demand is considered **inelastic**



Part II: Supply

16. Supply:

17. The **Law of Supply** is the tendency for the price and quantity supplied to move in the same directions.

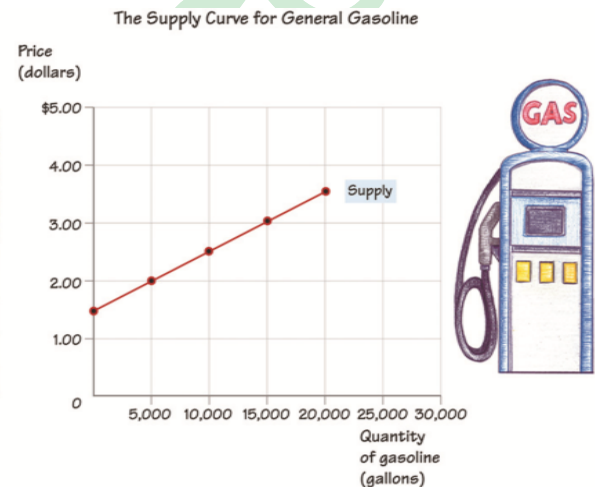
18. According to the law of supply, as price increases, supply increases.

19. According to the law of supply, as price decreases, supply decreases.

20. A supply schedule is a table that shows to the quantity supplied of a particular good at a particular price.

21. A supply curve is a graphical representation of the supply schedule for a good, showing the quantity supplied at each price.

Supply Schedule for General Gasoline	
Price (dollars)	Quantity of gasoline supplied (gallons)
\$1.50	0
2.00	5,000
2.50	10,000
3.00	15,000
3.50	20,000

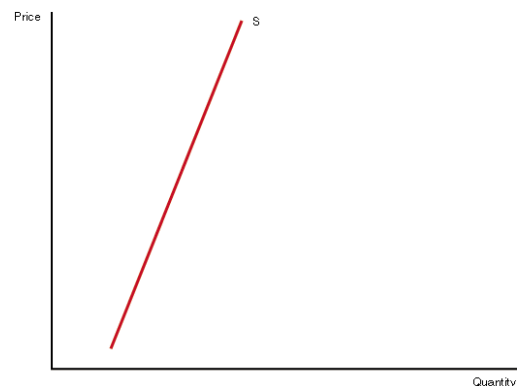
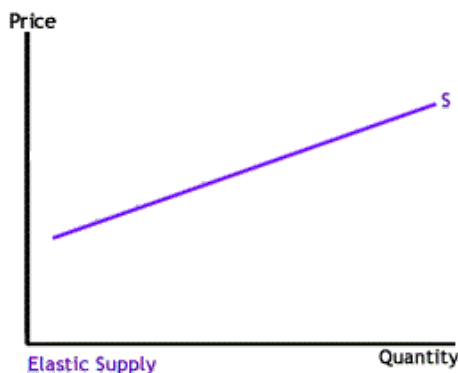


22. Market Supply is the quantity supplied by **all businesses in the market**.

Like with market demand, this number can be found by **adding** together all given supplies at particular prices.

23. Also similar to demand, If an **increase in price** leads to a significantly **larger increase** in the **quantity supplied**, then supply is considered to be "**elastic**".

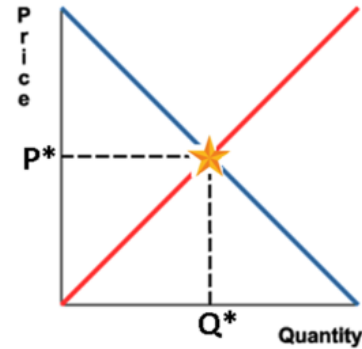
If an **increase in price** leads to only a **small change** in the **quantity supplied**, then supply is considered to be "**inelastic**".



PART III: SUPPLY & DEMAND EQUILIBRIUM

24. What is market equilibrium?

The point at which the quantity supplied, equals or meets the quantity demanded



25. Graph the Supply & Demand Schedule below to find Equilibrium Price & Quantity

Price	Quantity Demanded	Quantity Supplied
\$1	9	1
\$3	7	2
\$5	6	4
\$7	4	6
\$9	2	8
\$10	1	9

Equilibrium Price = \$6 Equilibrium Quantity = 5

26. When supply is greater than demand, it is called a surplus.

27. When demand is greater than supply it is called a scarcity.

If anybody needs more practice graphing demand/supply curves, market demand/supply curves, or supply & demand market equilibrium, check all powerpoints, classwork handouts, and homework assignments given. If you would like additional practice, e-mail me.

Remember to set up graphs as follows:

