

Demand**name:**

How Markets Work

Unit 2

Key Idea:

Demand for goods, services, and resources changes for a variety of reason. (1.4)

A) Rewrite the Key Idea as an investigative question.

Demand

- Through various incentives, _____ seek to maximize their satisfaction
- Consumers want to get the most _____
- The behavior of consumers is called _____
- The amount people are willing to _____.
- The **ENTIRE** _____ is the demand. (The result of ALL the _____ and _____ combinations)

Price	Quantity
10	20
8	40
6	60
4	80
2	100

Schedule**Curve**

- ALWAYS has a _____
- It shows a _____ between _____ and _____
- Therefore, the _____ states that, all things equal, as price rises, quantity demanded _____, and as price falls, quantity demanded _____.
- Sometimes, the demand for a product will _____, at ALL prices
- It may cause an _____ in demand, or a _____ in demand

**Summary:**

Describe how Demand shows a relationship between Prices and the Quantity of items consumers will buy.

(Non-Price) Determinants of Demand

These are the variables that cause a change in demand – also known as “shifters”

1) Income

- The number of items people are willing to buy is determined by how much money they have. Simply, _____.
- If the demand for an item falls when income falls, the good is called a _____
- If the demand for an item rises when income falls, the good is called an _____

If minimum wage increases from \$13/hour to \$15/hour, overall, will more or less Dr. Pepper be bought, if the price of Dr. Pepper stays the same?

2) Population (Number of Buyers)

- Population of a given area (more or less buyers)
- An _____ in population results in an increase in _____
- A _____ in population results in a decrease in _____

If Ford closes its factories in Detroit and people have to move away, will more or less Dr. Pepper be bought in Detroit if the price of Dr. Pepper stays the same?

3) Prices of Related Goods

A change in the price of one good can cause a change in the demand for another, _____ good

a) Substitutes

- Items that may be used _____
- when a fall in the price of one good _____ the demand for another good, or when a rise in the price of one good _____ the demand for another good

If the price of Coca-Cola increases, will more or less people buy Dr. Pepper if Dr. Pepper's price stays the same?

b) Complements

- Items that are _____
- when a fall in the price of one good _____ the demand for another good, or when a rise in the price of one good _____ the demand for another good

If the price of _____ increases, will more or less people buy Dr. Pepper if the price of Dr. Pepper stays the same?

4) Tastes

- What people _____
- Usually reflected in what is _____ as opposed to what is _____ at the time

If a celebrity (maybe Taylor Swift) endorsed Dr. Pepper, would more or less people buy Dr. Pepper if the price of Dr. Pepper stays the same?

5) Expectations

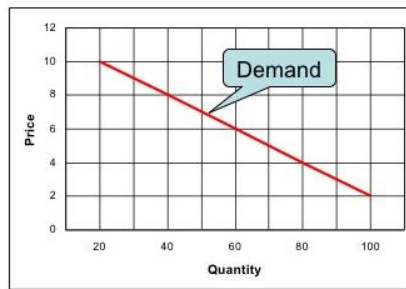
- The ability to _____ what will come will cause people to react differently in the market

If research shows that drinking Dr. Pepper will cause cancer, will more or less people buy Dr. Pepper if the price of Dr. Pepper stays the same?

Demand v. Quantity Demanded

- _____ is a specific point on the curve or schedule.
- It shows the **quantity** of an item that will be purchased at _____

Demand

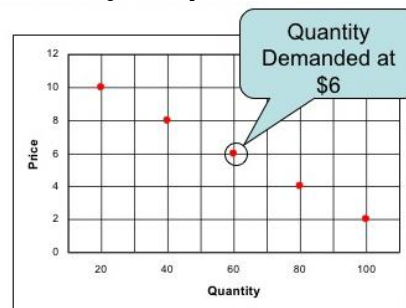


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Quantity Demanded

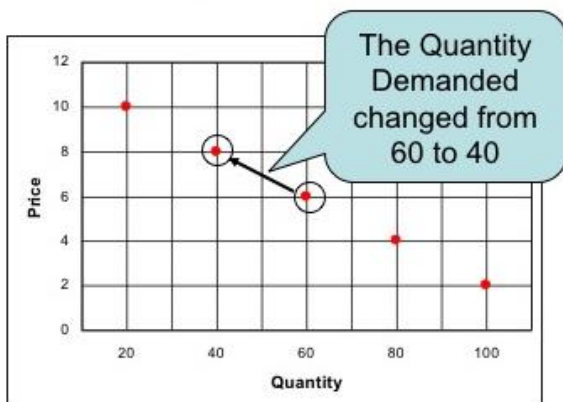


Quantity
Demanded at
\$6

Price	Quantity
6	60

Quantity Demanded

- A change in the quantity demanded results in _____
- all things equal, this is caused by a change in _____ (not one of the determinants of demand)



The QUANTITY Demanded changed because the PRICE changed.

A change in PRICE results in a change in QUANTITY

$$\Delta P \rightarrow \Delta Q$$

Summary: Rewrite the question made from the Key Idea at the beginning and summarize this worksheet by answering it below. IF YOU DO NOT REWRITE THE QUESTION, I WILL NOT READ YOUR ANSWER.

Rewrite your Key Idea as a Question:
