

SUPPLY AND DEMAND

Demonstrate an understanding of demand in competitive markets.

By: Carter Greene

KICKOFF:

- ❖ Go to Google Classroom and complete the assignment “9/19-K0”
- ❖ Pick up a handout on the way in
- ❖ **Roll Call:** Celebrity Crush



ANNOUNCEMENTS:

- ❖ Test Results:
 - Mean: 81
 - Median: 81
 - Still working on grading the FRQ
- ❖ **9/25**- Next Quiz

GROUPS (B DAY):

1. Abisha, Bri, Ethan, Axel
2. Deeksha, Rhea, Aneliese, Ahmed
3. Jun, Aayush, John, Lilianna
4. Anna, Anshul, James, Michael
5. Aaron, Sohum, Diya, Peyton
6. Claudio, Olivia, David, Gavin
7. Claire, Murphy, Raghav, Lanise
8. Sahith, Samhita, Sophia, Shagnik

TEST ANALYSIS:

- ❖ I have picked the 7 most missed questions from your test the other day
- ❖ Go through each questions, write down your answer and your rationale for that answer
 - IN COMPLETE SENTENCES AND INDIVIDUALLY
- ❖ Now, talk with your group about each question. Try and come to a consensus for each question, write your new answer, and your new rational.

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COMPETITIVE MARKETS



- ❖ Market— anywhere exchanges by buyers and sellers takes place
- ❖ Competitive markets—
 - Many buyers and sellers
 - Individuals have no influence over price
- ❖ Are most markets ‘perfectly’ competitive?
 - Absolutely not



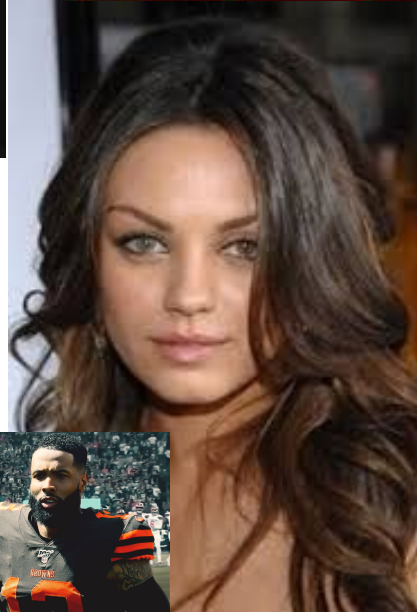
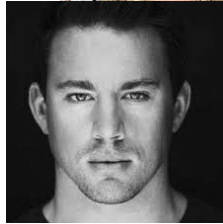
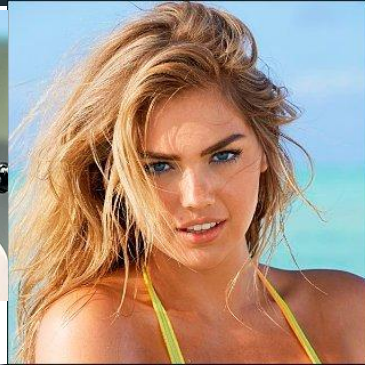
SUPPLY AND DEMAND MODEL

- ❖ Simplified representation of allocation in market economies
 - Quantity & Price
- ❖ Components:
 - Demand Curve
 - Supply Curve
 - Factors shifting supply and demand
 - Equilibrium, disequilibrium
 - Price and quantity controls

Demand

Factors for demand to exist:

1. **Desire**- consumer must want a good or service
2. **Willingness**- consumer must be willing to purchase a good or service
3. **Ability**- Consumer must have the resources available to purchase the good or service



Demand

- ❖ **Demand**- the desire, *willingness*, and ability to buy a good or service



**THE WILLINGNESS TO DO
CREATES THE ABILITY TO DO**



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DEMAND

- ❖ Quantity demand- demand at specific price points
- ❖ Demand schedule- chart displaying quantity demand at different price points
- Used to build demand curves-
 - Graphical representation of demand schedule

Market Demand Schedule	
Price of a Small Soda	Quantity demanded per day
\$0.25	890
\$0.50	500
\$0.75	480
\$1.00	470
\$1.25	410
\$1.50	350
\$1.75	280
\$2.00	240
\$2.25	200
\$2.50	150
\$2.75	100

Candy Bar Experiment: Demand



Law of Demand

- ❖ Law of Demand- when price increases, quantity demand decreases
 - And vice versa
 - Price and quantity demanded are inversely related



LAW OF DEMAND

- ❖ Income effect- when prices fall, consumers can afford to buy more
 - WILLINGNESS AND ABILITY
- ❖ Diminishing Marginal Utility- satisfaction decreases as more units of a good are consumed



GENERATING DEMAND SCHEDULES AND CURVES

- ❖ Your group will pick a specific good/service to survey the class as to quantity demanded at different price points.
- ❖ Your group will use this information to create your own demand schedule and demand curve for your product.
 - You need at least 6 price points on your schedule and curve
- ❖ Each person will draw the schedule and curve on their own clean sheet of paper, and then the group will create one on poster board

ANSWERS TO THE UPCOMING SAT

<u>Price Paid For Answers to upcoming SAT</u>	<u>Quantity Demand</u>
\$5,000	7
\$3,000	9
\$1,500	10
\$1,000	13
\$100	27
\$0	28

MARKET DEMAND FOR YOUR GROUP:

- 1) On campus parking for a year
- 2) Chickfila breakfast in the mall each morning
- 3) To handpick your own schedule
- 4) To skip DEAR DAY for a semester (study hall instead)
- 5) To be allowed to use one 3X5 index card on your next Econ test
- 6) To be released at the senior bell each day
- 7) 10 minute class changes
- 8) An automatic 5 on this AP exam

DECIDE ON YOUR PRICE POINTS

- ❖ Your group has 3-5 minutes to decide on what price points to survey the class at
 - Walk around and get an idea of how much your good/service would go for
- ❖ Remember you need at least 6 price points to get data on

ANSWERS TO THE UPCOMING SAT

<u>Price Paid For Answers to upcoming SAT</u>	<u>Quantity Demand</u>
\$4,000	6
\$1,500	13
\$750	18
\$250	23
\$75	29
\$0	30

GENERATING DEMAND SCHEDULES AND CURVES

- ❖ Your group will pick a specific product to survey the class as to quantity demanded at different price points.
- ❖ Your group will use this information to create your own demand schedule and demand curve for your product.
 - You need at least 6 price points on your schedule and curve
- ❖ Each person will draw the schedule and curve on their own clean sheet of paper, and then the group will create one on poster board

CLOSURE

- ❖ Go to Google Classroom and complete the assignment **“9/18- Closure”**

GROUPS (A DAY):

1. Parker, Charmaine, Ryan, Aryan
2. Michelle, Vitalina, Ayah, Jeremy
3. Rushil, Allyson, Laasya, Brooke
4. Cade, Varun, Daniel, Sophie
5. Luke S., Chase, Ram, Dhyay
6. Cody, Abby, Omar, Luke F.
7. Homer, Vipul, Aidan, Srishti
8. Jake, Lynn, Nick