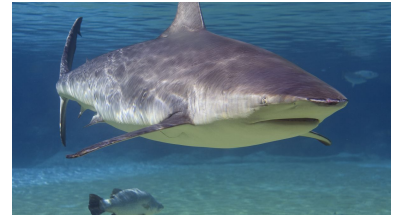


SUPPLY AND DEMAND- MOVEMENTS V. SHIFTS

2.5- Analyze the difference between a movement along the demand curve and a shift of the demand curve.

KICKOFF:



- ❖ Sit in your same seats from Wednesday (at the same table at least)
- ❖ Pick up a handout on the way in
- ❖ Go to Google Classroom and complete the assignment **“9/23- KO”**
 - Student Price Point and Quantity Demand Data
 - We will use this data for your Demand Schedules and curves instead
- ❖ **Roll Call:** Spirit Animal

ANNOUNCEMENTS:

- ❖ **9/24-** Quiz
 - Notes on 2.5 and Module 5 and 6 readings
- ❖ Knight Time this week
- ❖ Curriculum night tonight
- ❖ Kyle Allen is the future



GROUPS (B DAY):

1. Abisha, Bri, Ethan, Axel
2. Deeksha, Rhea, Aneliiese, 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

MARKET DEMAND FOR YOUR GROUP:

- 1) On campus parking for a year
- 2) Chick-fil-a 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

CREATING DEMAND SCHEDULES AND CURVES

- ❖ Your group has been assigned one product
- ❖ Use the handout you picked up on the way in to create a demand schedule and demand curve for your product, using the summary charts from the information submitted on the kickoff
 - Remember, if someone said they would pay “up to \$50” you must include everyone who also said they’d pay more at the \$50 price point
- ❖ Then, put one Demand Schedule and Curve on the piece of poster board provided
 - Make these look good and put color on them

SUPPLY AND DEMAND-DEMAND MOVEMENTS V. SHIFTS

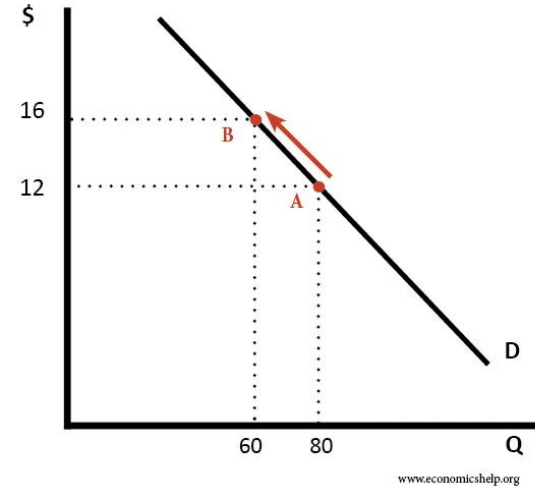
2.5 pt. 2- Analyze the difference between changes in quantity demand and changes in demand

QUANTITY DEMAND V. CHANGE IN DEMAND

❖ Change in Quantity Demand

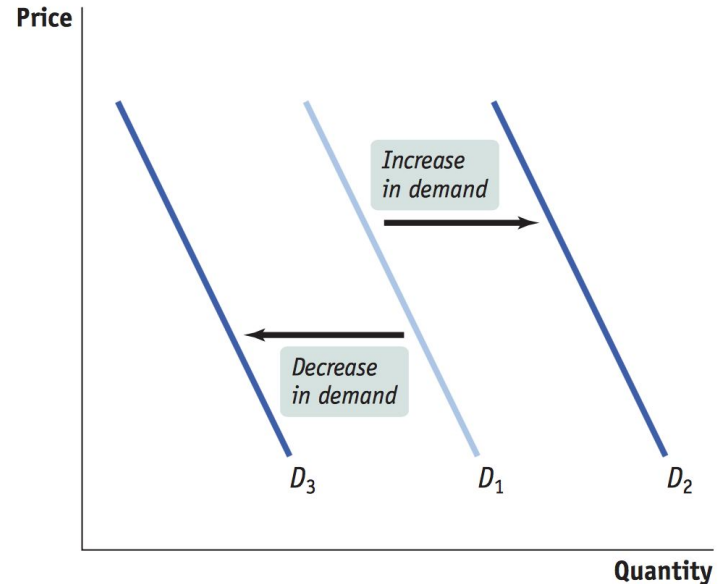
- Caused by:
 - change in price
- Displayed by: a movement along the demand curve
- Price increase = decrease in Quantity demand
 - Law of Demand

❖ More or less of an item is demanded **purley because of a rise or fall in price of that item**



QUANTITY DEMAND V. CHANGE IN DEMAND

- ❖ Change in Demand
 - Caused by: Shocks to the demand curve
 - Determinants or shifters of demand
 - Any factor EXCEPT price change
 - Displayed by: a shift of demand curve



DETERMINANTS/SHIFTERS OF DEMAND

- ❖ **Buyers**– number of consumers in a market
- ❖ **Income**– normal goods v. inferior goods
- ❖ **Taste**– preferences/popularity
- ❖ **Expectations**– assumptions about future prices
- ❖ **Related Goods**
 - **Compliments**– products used together
 - **Substitutes**– products used in place of one another

BUYERS

- ❖ Direct relationship between number of consumers and demand
 - # of consumers goes up, demand:
 - increases/shifts right
 - # of consumers goes down, demand:
 - decreases/shifts left



INCOME-NORMAL GOODS



**except
for
teachers

- ❖ Direct relationship between income and demand
 - Consumers income rises, demand
 - Increases, shifts right
 - Consumers income declines, demand
 - Decreases, shifts left
- ❖ **Examples:** Steak, fine china, vacation, video games, etc. (most goods)

INCOME- INFERIOR GOODS

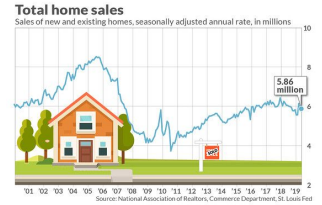
- ❖ **Examples:** Spam, paper plates, Roman noodles, used clothes
- ❖ Inverse relationship between consumer income and demand
 - Consumer income increases, demand:
 - Decreases, shifts left
 - Consumer income decreases, demand:
 - Increases, shifts right

TASTE

- ❖ Direct relationship between popularity and demand
 - Product becomes more desirable, demand:
 - Increases/shifts right
 - Product becomes less desirable, demand:
 - Decreases/shifts left



EXPECTATIONS



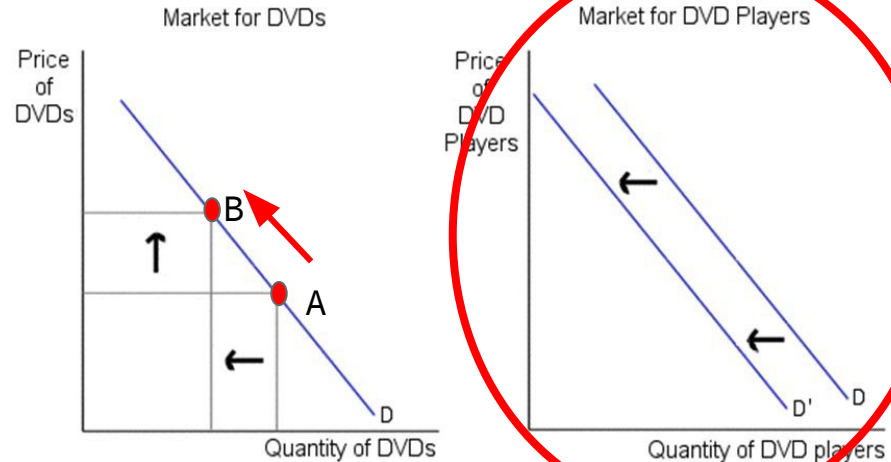
- ❖ Direct relationship between consumers expectation of a prices good in the future, and its current demand
 - Consumers expect the price of a product to increase in the future, demand today:
 - Increases/shifts right
 - Consumers expect the price of a product to decrease in the future, demand today:
 - Decreases/shifts left

RELATED GOODS - COMPLEMENTS

- ❖ Toothbrush...
 - Toothpaste
- ❖ Phone...
 - Phone charger
- ❖ When price of one good increases, demand of the other will decrease

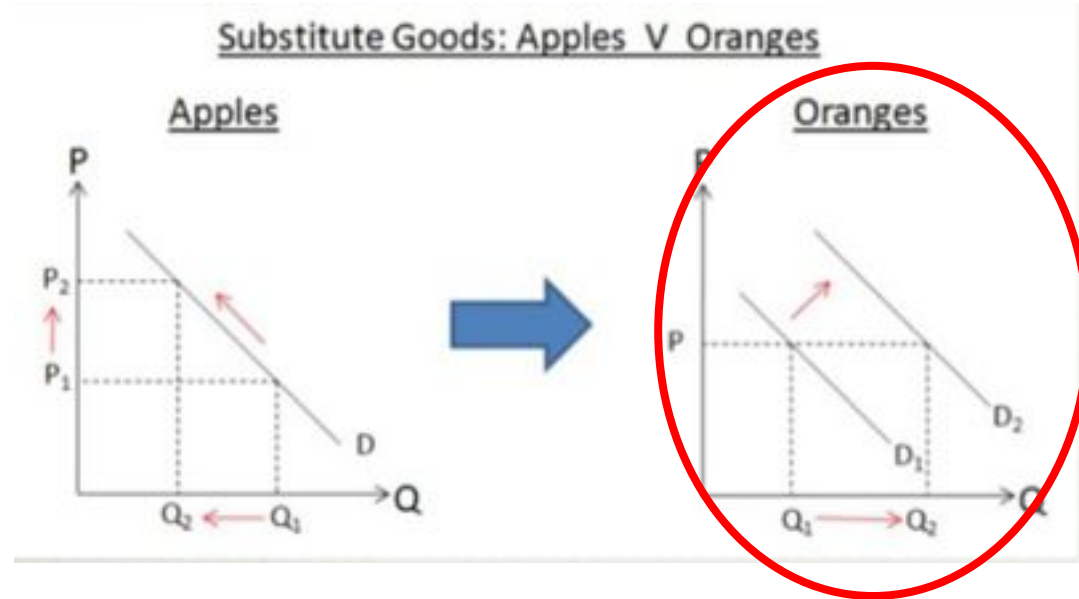
Change in the price of a complementary good

- Price of DVDs rises:



RELATED GOODS- SUBSTITUTES

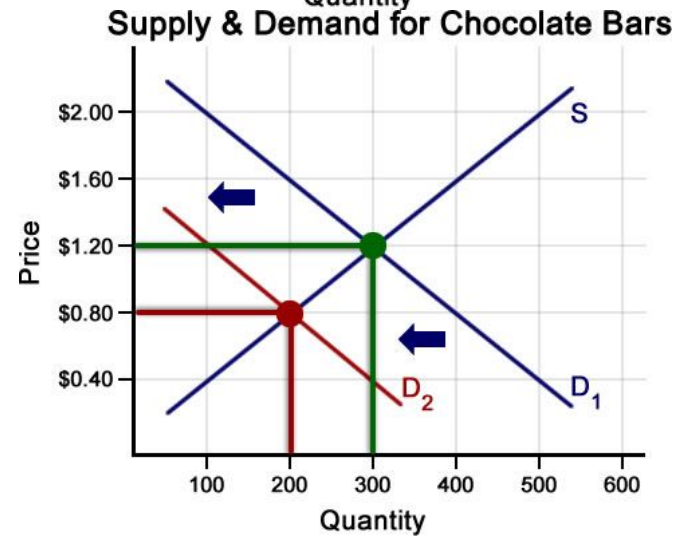
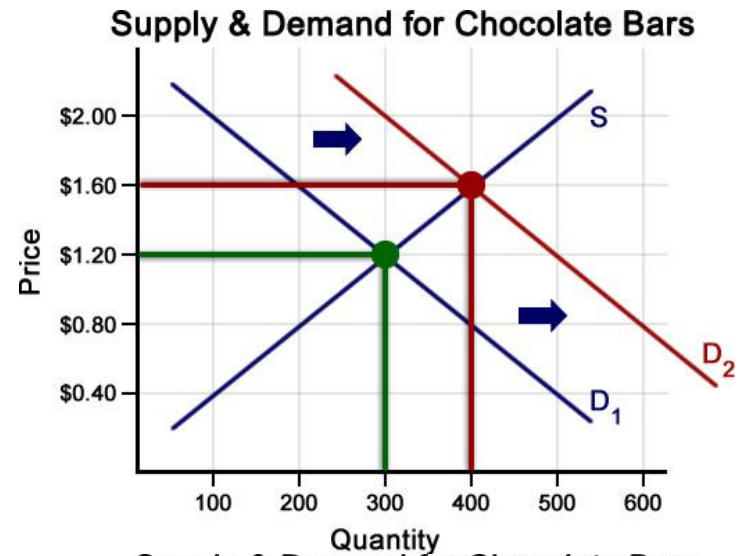
- ❖ Coke...
 - Pepsi
- ❖ Xbox...
 - Playstation
- ❖ When price of one good increases, demand of the other will increase



DEMAND SHIFTS - EFFECT ON

PRICE

- ❖ Increase in Demand causes:
 - An increase in equilibrium price
- ❖ Decrease in Demand causes:
 - A decrease in equilibrium price



WE TALKIN BOUT PRACTICE



- ❖ You will practice graphing shifts in Demand and changes in quantity demand for the market of cell phones and Caribbean cruises
- ❖ Be sure to give an explanation for each shift/movement, draw the graph, and show on the graph what happened to the equilibrium quantity and price
- ❖ Once you are done, check your answers in the back

CLOSURE: