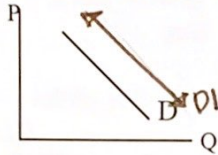
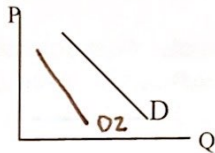


## DEMAND WORKSHEET

- The law of demand states- when the price increases, the quantity demanded will decrease.  
When the price decreases, the quantity demanded will increase.
- If a change in price has an effect on the change in quantity, this is known as (elastic / inelastic) demand. Give a specific example of this type of demand.  
- Apple watches → typically more expensive / luxurious items with substitutes  
↳ when price goes up, you can live without it.
- If the federal government says that fish is healthy for you, the demand for fish will (increase / decrease). Which determinant of demand causes this change? Popularity  
Which way will the demand curve shift? (left / right) Draw the new demand curve- Label it D1.



- Economists announce that the unemployment rate will increase over the next six months. The demand for new homes will (increase / decrease). Which determinant causes this change?  
Expected shortage / economic hard times. Which way will the demand curve shift? (left / right) Draw the new demand curve- Label it D2.

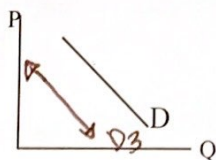


- Give an example of diminishing marginal utility involving hamburgers.  
The marginal utility of hamburgers 2 & 3 is significantly less. I do not even want a 4th burger.

- Define and give an example of a complementary good.  
products used together in consumption ex: hot dog & hot dog bun

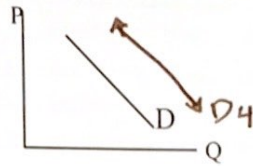
- Define and give an example of a substitute good.  
- competing products → you can use one in place of another

- The price of syrup increases, the demand for pancakes will (increase / decrease).  
Which determinant causes this change? compliments.  
Which way will the demand curve shift? (left / right) Draw the new demand curve- Label it D3.



up & right = increase  
down & left = decrease

9. The price of airline tickets goes up, the demand for train tickets will (increase) / decrease). Which determinant causes this change? substitutes Which way will the demand curve shift? (left / right) Draw the new demand curve-Label it D4.



10. Provide a complement for the following items:

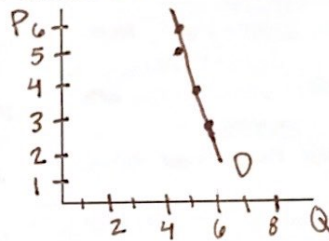
car- tires bread- Peanut butter shoes- Socks

11. Provide a substitute for the following items:

car- motorcycle pen- pencil television- computer

12. Using the demand schedule below, draw a demand curve.

Demand Schedule	
Price	Quantity
\$6.00	6
\$5.00	6
\$4.00	6
\$3.00	6

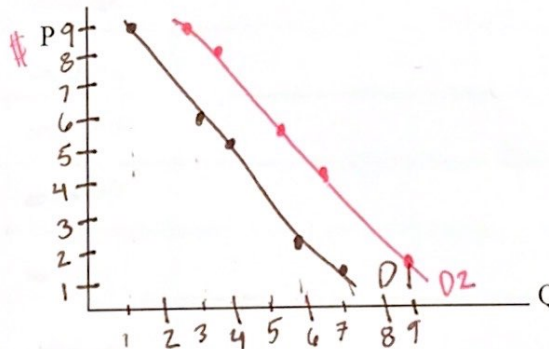


What type of demand curve is this? (elastic / inelastic)

Give an example of a good or service that would have this type of demand curve? mineral gas

13. Plot the points for the demand curve and label the line D1.

Demand Schedule #1	
Price	Quantity
\$9.00	1
\$6.00	3
\$5.00	4
\$2.00	6
\$1.00	7



- 14.

Demand Schedule #2	
Price	Quantity
\$9.00	3
\$8.00	4
\$5.00	6
\$4.00	7
\$1.00	9

Use the graph above, plot the points for the new demand curve and label it D2

15. Does a shift from D1 to D2 reflect an increase or a decrease in demand? increase



## DEMAND WORKSHEET part 2

**Exercise 4: Identifying the determinants of demand.** In worksheet 5B, you have seen how an increase in demand is depicted on a graph by a shift in the demand curve.

- When the demand curve shifts upward and to the right, this is indicative of an increase in demand.
- When the demand curve shifts to the left, this is indicative of a decrease in demand.
- ★ Factors that result in a change in demand are the determinants of demand.

Complete the table below. For each determinant of demand:

- indicate whether demand will increase or decrease;
- provide an explanation as to why.

Determinant of demand	Demand increases or decreases?	Explanation
Population increases	increase	more people require more goods & services
Population decreases	decrease	less people need less goods & services
Increase in most peoples' income	increase	people have more spending money
Decrease in most peoples' income	decrease	less money to spend
Price of <u>substitute</u> increases	<del>decrease</del> increase	
Price of <u>substitute</u> decreases	<del>increase</del> decrease	
Price of <u>complementary</u> good increases	decrease	
Price of <u>complimentary</u> good decreases	increase	
Product becomes a popular fad (change in taste of buyers)	increase	
Product now out of fashion (change in taste of buyers)	decrease	
There is an expectation that the <u>price of the product</u> will soon fall	increase	
There is a fear that the economy will go into a recession where many firms will fail and unemployment will increase	decrease	