

Life is Demanding

Demand = _____

Two factors that need to be considered when factoring demand:

- 1.
- 2.

Law of demand:

-As price falls _____ or P ↓ D ↑

-As price rises _____ or P ↑, D ↓



Graph out the following demand curve for Flaming Hot Cheetos:

Price	Qty Demanded
5.00	100
4.50	150
4.00	200
3.50	250
3.00	300
2.50	350
2.00	400



Price



Quantity

Know this difference:

Change in Quantity Demanded- Movements along the demand curve.

Change in Demand- An entire shift in the demand curve.



Changes in Demand = "shifters" of the demand curve

1. _____: A competing company makes a similar product that is less expensive causing demand for your item to decrease.

2. _____: Some items become the “trendy” must have item. Millions of dollars are spent letting consumers know about the benefits of their product, therefore the demand may increase.

ex. Seasonal item

3. _____: When the price of a good increases, consumers experience a decrease in purchasing power and buy less (or vice versa).

Normal Goods

As income _____, demand _____

As income _____, demand _____

Examples:

Inferior Goods

As income _____, demand _____

As income _____ demand _____

Examples:

4. _____ Goods bought and sold with each other

5. _____ If you expect a higher price next week you will buy the item today. If you think the item will go on sale you will wait until the sale to make your purchase.

How are you going to remember? **SPICE**

	Shifter	Less/More	Left or Right
1			
2			
3			
4			
5			
6			
7			
8			