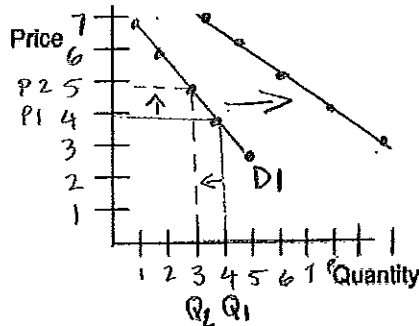


Demand

I. Demand Schedules & Graphs

A. Use the following demand schedule to graph your friend's demand for restaurant meals at lunchtime during a two week period (label the curve D1)



Price	Quantity
\$3	5
\$4	4
\$5	3
\$6	2
\$7	1

B. On the above graph that you created, show what happens when the price of lunch increases from \$4 to \$5. Is this a change in demand or a change in the quantity demanded. Quantity demanded decreases from 4 to 3

C. Now suppose your friend suddenly wins the lottery & their demand for this product doubles. Show this new demand schedule below and then graph this new curve on the graph above. (Label it D2).

Price	Quantity
\$3	5
\$4	8
\$5	6
\$6	4
\$7	2

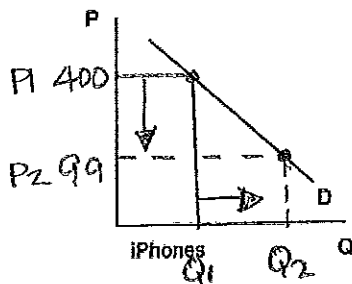
Demand shifts to the right because there was a change in demand, but price @ every level stayed the same.

II. Practice:

For each of the following products a change in demand (ΔD) or a change in quantity demanded (ΔQD) will occur as a result of the event described.

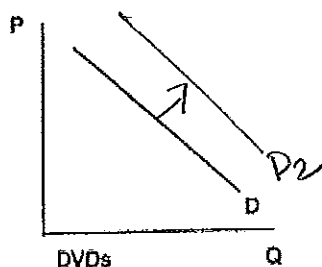
- Graph each change and label new demand curves D2. Then write the symbol describing this change, and tell the reason for the change in the space provided.

1.



The price of an iPhone drops from \$400 to \$99. Will this cause ΔD or ΔQD for this phone? ΔQD
Reason: Price

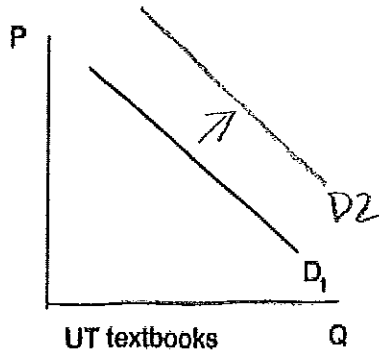
2.



Manufacturers announce price decreases which will make the average DVD player less than \$25. Will this cause ΔD or ΔQD for DVDs? ΔD
Reason: Compliment

more people will buy DVD players increasing demand @ all price points.

3.

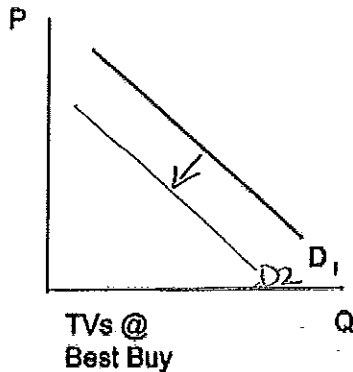


UT increases enrollment by 10%.

Will this cause ΔD or ΔQD for textbooks? ΔD

Reason: Compliment # of buyers

4.

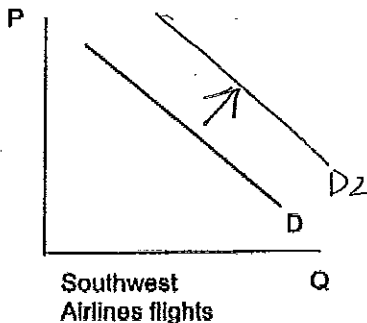


On Oct. 25, Best Buy announces a sale on all televisions, to begin on Nov. 1. During the period Oct. 25-Oct. 31, will this

cause ΔD or ΔQD for textbooks? ΔD

Reason: Change in future expectations of prices

5.



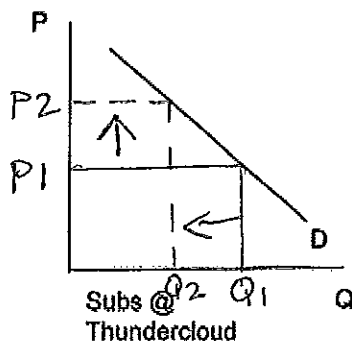
American Airlines announces a 40% price increase in Austin-Seattle flights. Southwest Airlines keeps its prices the same for this flight?

Will this cause ΔD or ΔQD for Southwest Airlines flights to Seattle? ΔD

Reason: Substitute

American increase in prices will increase demand for Southwest because their prices remained the same.

6.



The price of a sandwich at Thundercloud Subs doubles?

Will this cause ΔD or ΔQD for a sub? ΔQD

Reason: Prices

price increase will decrease demand for subs