

**Demand****I. Change in Quantity Demanded is represented by  $\Delta QD$** 

- This is a movement ***along the demand curve*** (along the line) which results from changes in quantities purchased by buyers in response to changes in the price of that good (all else remaining the same).
- When the price of the good increases, the quantity demanded will decrease (Fig. 1) and when the price of the good decreases, the quantity demanded will increase (Fig. 2)

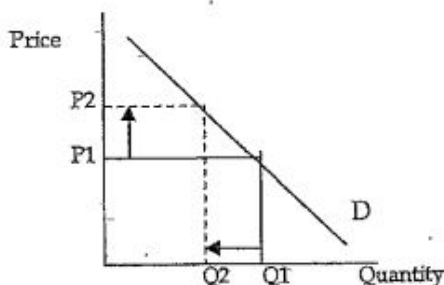


Fig. 1

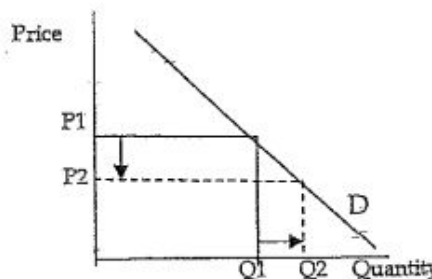


Fig. 2

**II. Change in Demand is represented by  $\Delta D$** 

- This is the ***shift in the demand curve*** caused by factors other than a change in the price of that good or service. It reflects a change in the demand schedule itself, showing either an increase or decrease in quantity demanded for the good or service at each and every price. The curve shifts left or right.

What are the factors that will shift demand?

1. Change in tastes or preferences
2. Change in the price of related goods
  - a. Substitute goods
  - b. Complements
3. Change in income
  - a. Normal goods
  - b. Inferior goods
4. Change in the number of buyers
5. Change in future expectations of income, prices, shortages

- When the demand curve shifts, the new demand curve shows that buyers are willing to purchase more (Fig. 1) less (Fig. 2) than before at any given price.

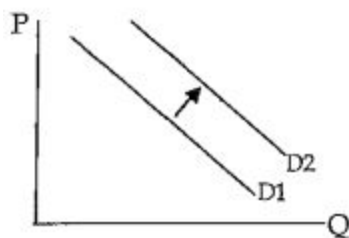


Fig. 1

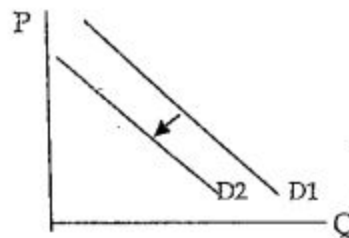
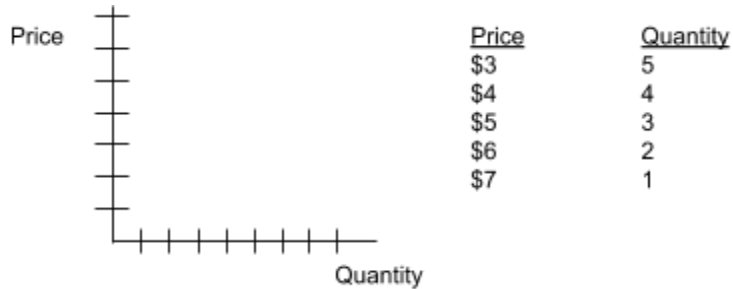


Fig. 2

## 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)



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.

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).

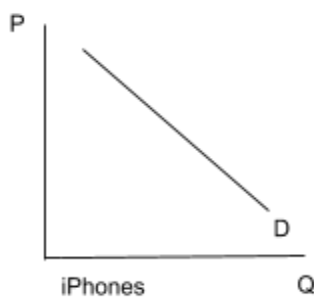
<u>Price</u>	<u>Quantity</u>
\$3	
\$4	
\$5	
\$6	
\$7	

## II. Practic:

For each of the following products a **change in demand ( $\Delta D$ )** or a **change in quantity demanded ( $\Delta QD$ )** 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.

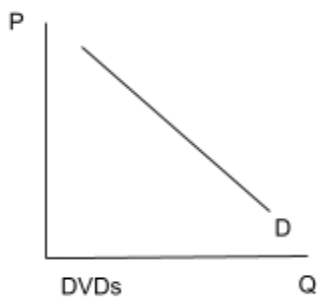


The price of an iPhone drops from \$400 to \$99.

Will this cause  $\Delta D$  or  $\Delta QD$  for this phone? \_\_\_\_\_

Reason: \_\_\_\_\_

2.

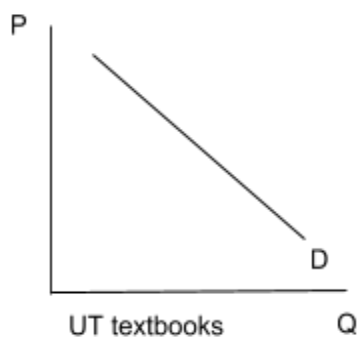


Manufacturers announce price decreases which will make the average DVD player less than \$25.

Will this cause  $\Delta D$  or  $\Delta QD$  for DVDs? \_\_\_\_\_

Reason: \_\_\_\_\_

3.

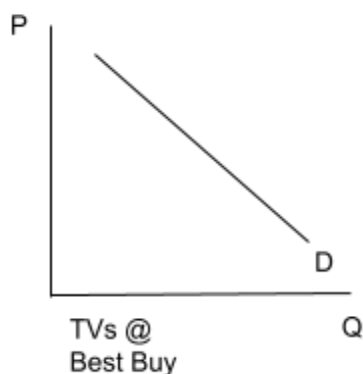


UT increases enrollment by 10%.

Will this cause  $\Delta D$  or  $\Delta QD$  for textbooks? \_\_\_\_\_

Reason: \_\_\_\_\_

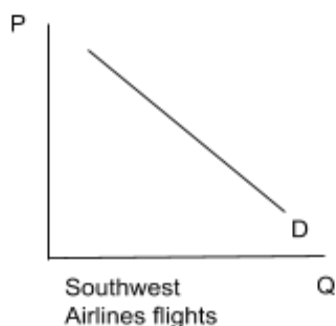
4.



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  $\Delta D$  or  $\Delta QD$  for textbooks? \_\_\_\_\_

Reason: \_\_\_\_\_

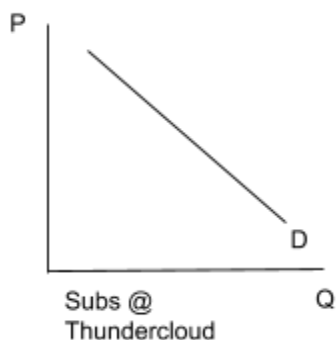
5.



American Airlines announces a 40% price increase in Austin-Seattle flights. Southwest Airlines keeps its prices the same for this flight? Will this cause  $\Delta D$  or  $\Delta QD$  for Southwest Airlines flights to Seattle? \_\_\_\_\_

Reason: \_\_\_\_\_

6.



The price of a sandwich at Thundercloud Subs doubles? Will this cause  $\Delta D$  or  $\Delta QD$  for a sub? \_\_\_\_\_

Reason: \_\_\_\_\_