

# Demand

2017-18

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- ▶ *Demand*: amount of a product that consumers are willing and able to purchase at any given price

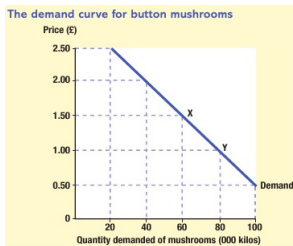
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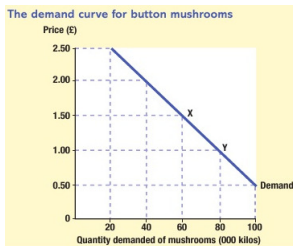


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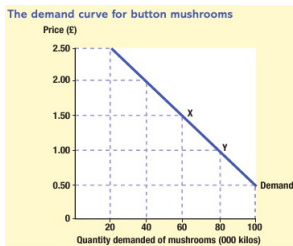


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  - ▶ *y-axis*: price



# DEMAND CURVE

## PROPERTIES

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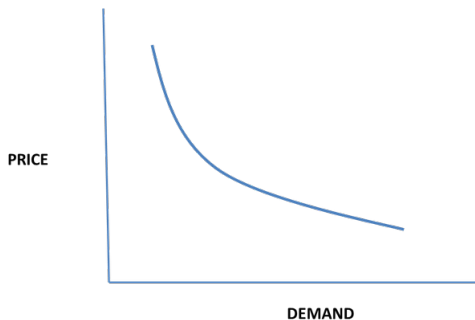
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- ▶ *Inverse relationship between price and quantity:*
  - ▶ when price goes down, quantity demanded goes up
  - ▶ when price goes up, quantity demanded goes down
- ▶ relation can also be *non-linear*



# FACTORS LEADING TO A CHANGE IN DEMAND

## SUBSTITUTE GOODS AND COMPLEMENTARY GOODS

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    - if *inferior good*: → demand ↓

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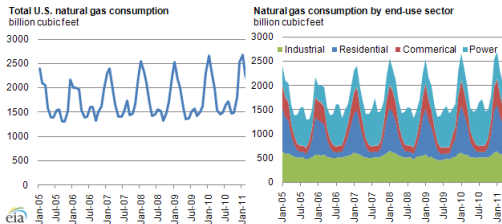
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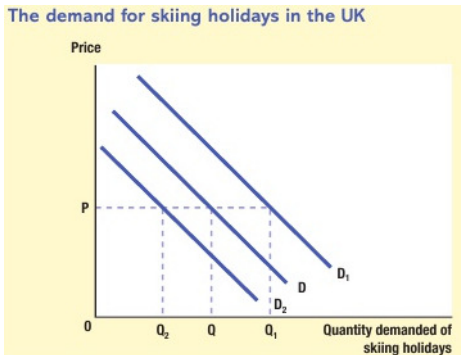
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  - ▶ Competition
  - ▶ Government
  - ▶ Economic climate
  - ▶ Social and environmental factors
- ▶ Seasonality



# QUESTION

WHY WOULD THE DEMAND CURVE SHIFT FROM (A)  $D$  TO  $D_1$ , (B)  $D$  TO  $D_2$



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- ▶ **Substitute goods:** goods that can be bought as an alternative to others, but perform the same function