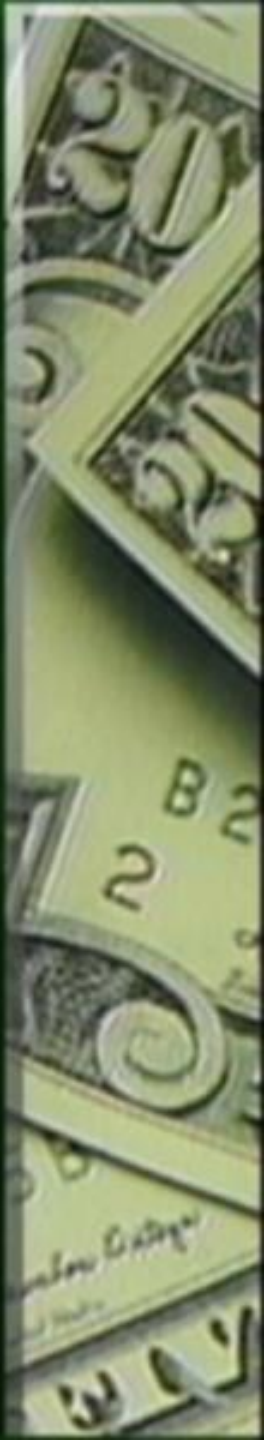
Understanding Demand

Economics: Unit 2

What is Demand?

- The desire to OWN something and the ABILITY TO PAY for it
  - (willingness and ability)

Put this word on your vocab list



Demand

- How does this relate to me?

- Who would LIKE to buy this handbag?

  The handbag costs $1400.

- Who is ABLE to buy this handbag?

Demand

- How does this relate to me?

- Who would LIKE to buy this car?

The car costs $218,310

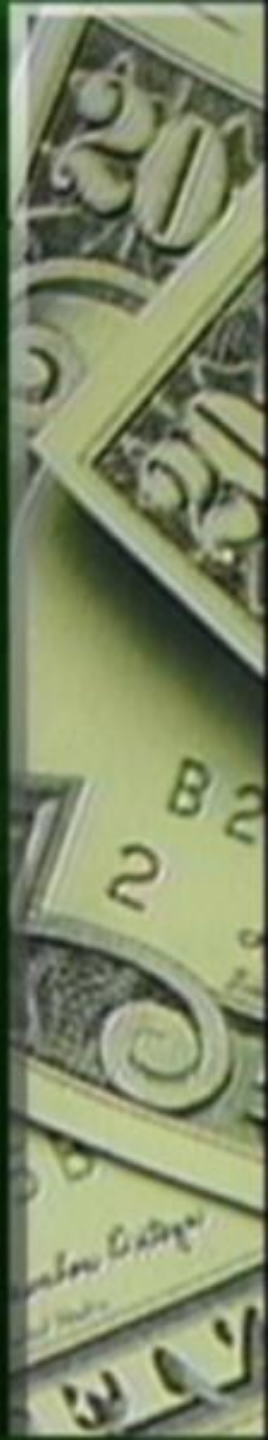
- Who is ABLE to buy this car?

Law of Demand

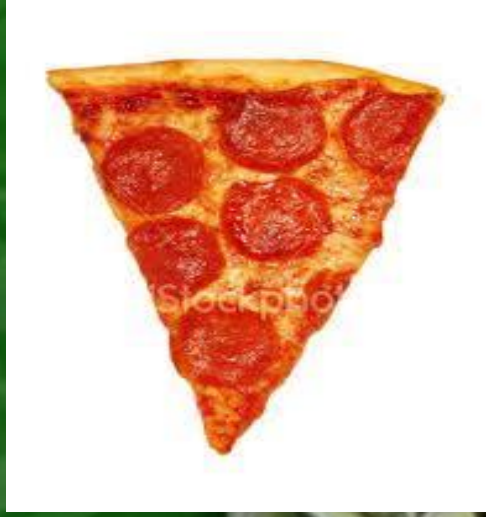
- Consumers buy more of a good when its price decreases

  and less when its price increases

Put this word on your vocab list



Law of Demand



- How does it relate to me?

Scenario:

- Would you buy a slice of pizza for lunch for $1?
  - Maybe you would; some might even buy more than one

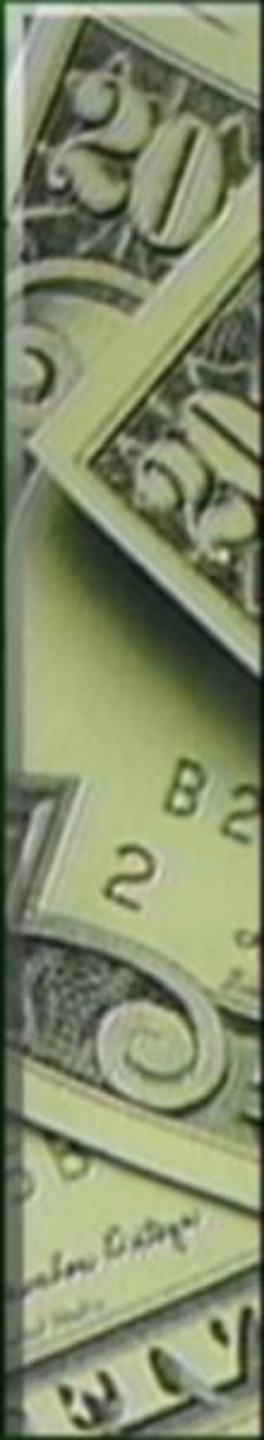
- Would you buy the same slice for $2?
  - Fewer would buy it at that price.
  - Even real pizza lovers would reduce their consumption from 3 to 4 slices to just 1 or 2

- How many of us would buy a slice for $10?
  - Probably very few

Law of Demand

- Scenario conclusion:
  - As the price of pizza gets higher and higher, fewer of us are willing to buy it

This is the Law of Demand!



Law of Demand

Price

As prices go down…

Demand

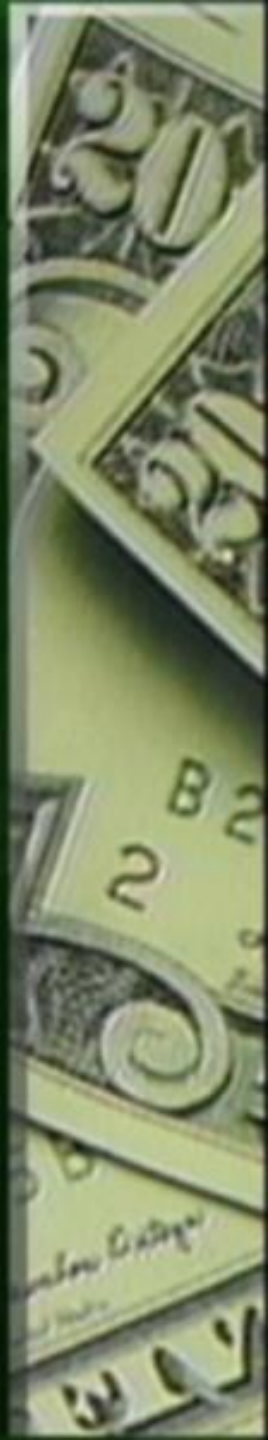
Quantity demanded goes up

Price

As price goes up…

Demand

Quanitity demanded goes down

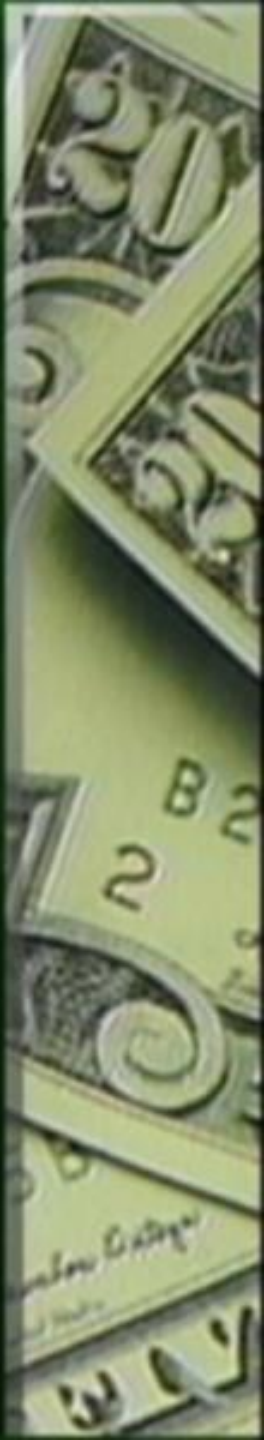


Law of Demand

Hershey Chocolate Activity

Create this Chart on a piece of paper

	Volunteer #1	Volunteer #2	Volunteer #3	Volunteer #4	Volunteer #5	Total
10¢						
20¢						
30¢						
40¢						
50¢						

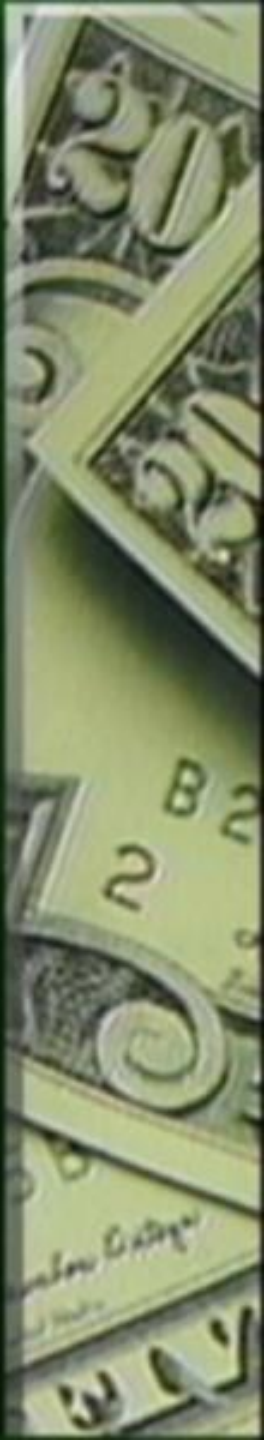


Demand Schedule

- We just created one!
- So what is it?

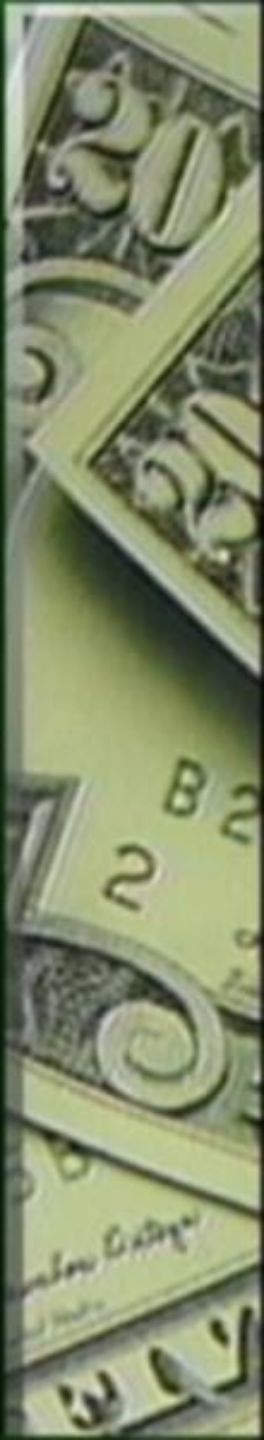
On your vocab sheet, define demand schedule

"A table that lists at various prices, the number of items demanded"



Demand Schedule

Price	Quantity



What's next?

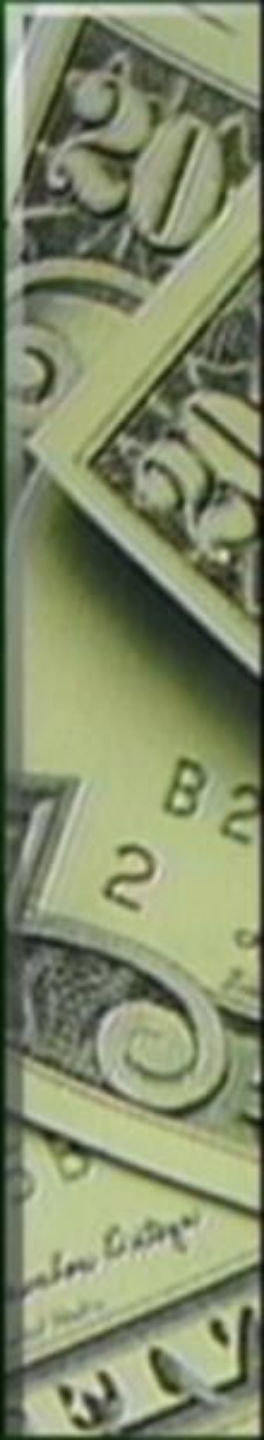
- After you have a demand schedule, you need to graph it

Demand Curve

- You just created a demand curve
- What is a demand curve?

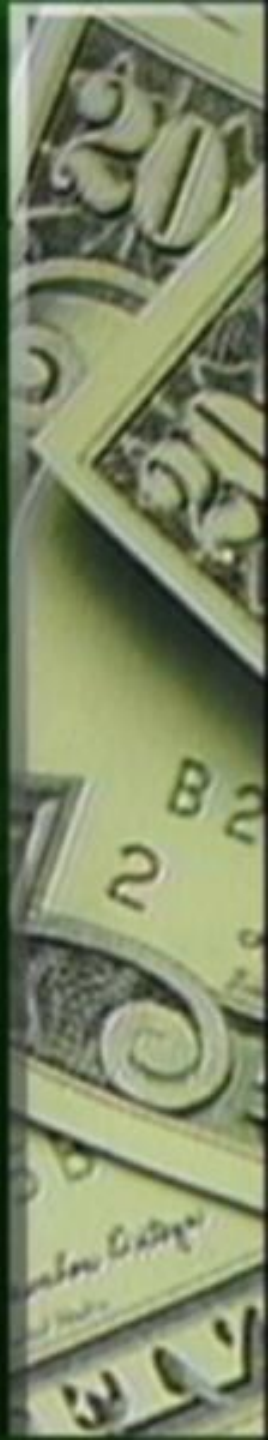
On your vocab sheet, define demand curve

"the graphic representation of demand"



Activity to do on your own

1. Get in groups of by row
2. **Create a table like the one we used to determine how many pieces of candy the volunteers were willing to purchase at each price point**
3. Pick a different item to survey each other about. Ask the same questions: "How many would you buy for 50 cents…" and so on. (demand) You can change the item completely and the price point.
4. **Once you figure out the totals for each price point (demand schedule), create the demand curve (graph it on the graph paper). Each person needs to create their own graph**



Stocks
Bonds