# Unit 2

## 2.1 The Role of demand

**Demand:** the relationship between the various possible prices of a product and the quantities of that product consumers are willing to purchase.

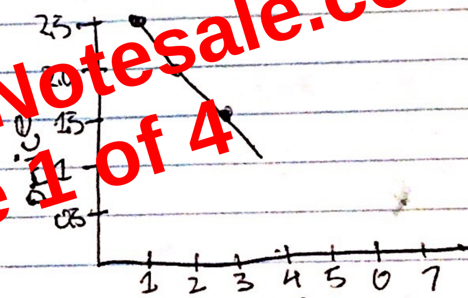
**Quantity demanded:** the amount of a product consumers are willing to purchase at each price.

Independent variable: Price (Vertical axis) Dependent variable: Quantity demanded (Horizontal Axis)

**Law of demand:** states that there is an inverse relationship between ~~the~~ a product's quantity demanded and its price.

Demand schedule for strawberries

| Price | Quantity |
|---|---|
| $2.50 | [illegible] |
| $2.00 | 2 |
| $1.50 | 3 |






**Demand schedule:** a table that shows possible combinations of prices and quantity demanded of a product.

**Demand curve:** a graph that expresses possible combinations of prices and quantities demanded of a product.

**Change in quantity demanded:** the effect of a price change on quantity demanded.

**Market demand:** The sum of all consumers' quantity demanded for a product at each price.