

Demand

MODULE 5

introduction to demand

- market: an institution or mechanism that brings together buyers (demanders) and sellers (suppliers) of particular goods and services
 - ↳ can be local, national, or international

competitive markets

- market where there are many buyers and sellers of the same good or service
 - ↳ no individual actions have a noticeable effect on the price of the good or service
- result of the competitive market is the Supply and Demand model [which consists of: Demand curves, supply curves, factors, and market equilibrium.]

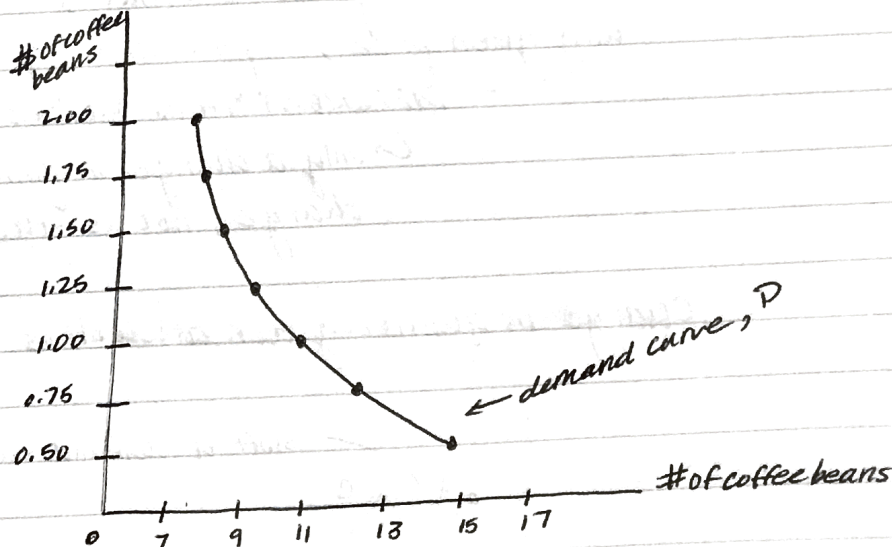
Demand curve

- depends on the price at a given time
- demand schedule = table showing how much of a good or service consumers want to buy at different prices.

EXAMPLE: COFFEE BEANS

schedule

\$/pound	Quantity demanded (billions of pounds)
\$ 2.00	7.1
\$ 1.75	7.5
\$ 1.50	8.1
\$ 1.25	8.9
\$ 1.00	10
\$ 0.75	11.5
\$ 0.50	14.2



- ↑ shows how much buyers are willing and able to buy @ 5 possible prices
- market price depends on demand + supply