

INTRODUCTION TO SUPPLY AND DEMAND

INTRODUCTION

Supply and demand are important economic theories that influence how much something costs and how much there is of it in a market. For companies, politicians, and consumers to make wise choices regarding production, pricing, and consumption, an understanding of supply and demand dynamics is crucial.

Supply

The amount of goods or services that producers are willing and able to offer for sale at a particular price within a given timeframe is referred to as supply. Production costs, technological developments, input costs, government regulations, and the number of suppliers in the market are some of the variables that affect a product's supply. According to the rule of supply, provided all other variables remain constant, as a product's price rises, so does the quantity supplied. On the other hand, as the price drops, so does the supply.

Demand

The quantity of a good or service that consumers are willing and able to buy at a given price within a specific time frame is referred to as demand. Demand is influenced by a number of variables, including customer preferences, income levels, the cost of alternative or complementary goods, demographics of the population, and economic situations. The quantity demanded reduces, ceteris paribus, as a product's price rises, according to the law of demand. On the other hand, the amount demanded rises as the price falls.

Preview from Notesale.co.uk
Page 1 of 1