**SSEMI3 The student will explain how markets, prices, and competition influence economic behavior.**

a. Identify and illustrate on a graph factors that cause changes in market supply and demand.

1. For each item draw a picture or give an example of an increase in demand with that determinant and a decrease in demand with that determinant. Then show the shift on the curves.

Watch the video to learn about the Law of Demand and its determinants. <https://youtu.be/qeh9j4GytQk>

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|  | Determinant | Definition | Example or Picture | Graph shift  (Fill in blank and draw new curve) |
| **I** |  | Change in income affects demand directly in most cases. Increase in income of buyers will allow them to purchase more thus demand will be increased and decrease in income will restrict their purchases thus demand will be decreased. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |
| **N** |  | Mostly, change in number of buyers directly affects the quantity of a product demanded at each price. When buyers increase, demand is likely to increase and if buyers decrease, it will probably decrease. For example, increase in number of students will increase demand for books. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |
| **S** | Price of Substitute Goods | The price change of a substitute of a product usually affects the demand of the product directly. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |
| **E** | Future Price Expectations | Change in consumer expectations about a product may affect the quantity they demand. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |
| **C** |  | The demand for a product changes inversely with a price change of a complementary good. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |
| **T** | Taste and Preferences | Consumer tastes is another important determinant of demand. If consumer tastes change such that they now favor a product more, the will demand that product more and if their taste changes unfavorably they will demand lower quantity of that product. Businesses advertise their products to change consumer tastes in favor of their products. |  | Demand will shift \_\_\_\_\_\_\_\_ |
|  | Demand will shift \_\_\_\_\_\_\_\_ |

1. For each scenario below list which determinant of demand would cause a change
2. Demand for American cars increased, because American car companies began selling their products to consumers in more countries. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Present demand for goods and services decreased, because consumers expect lower salaries in the future. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Demand for tea rose, because the price of coffee increased. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Demand for most cars increased, because wages rose. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. Demand for chicken decreased, because turkey became relatively less expensive. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. Due to a recent health scare, demand for beef decreased. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
8. Demand for electronics decreased, because people are earning less money from their investments. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
9. Many people moved out of the country, resulting in a decrease in demand. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
10. Demand for organic eggs increased, because more consumers prefer to eat organic products. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
11. Present demand for housing increased, in anticipation of higher housing prices. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_