

For Demand to exist there must be

- 1.

- 2.

The law of Demand: The quantity of a good or service that consumers will buy varies inversely with the price of the good or service.

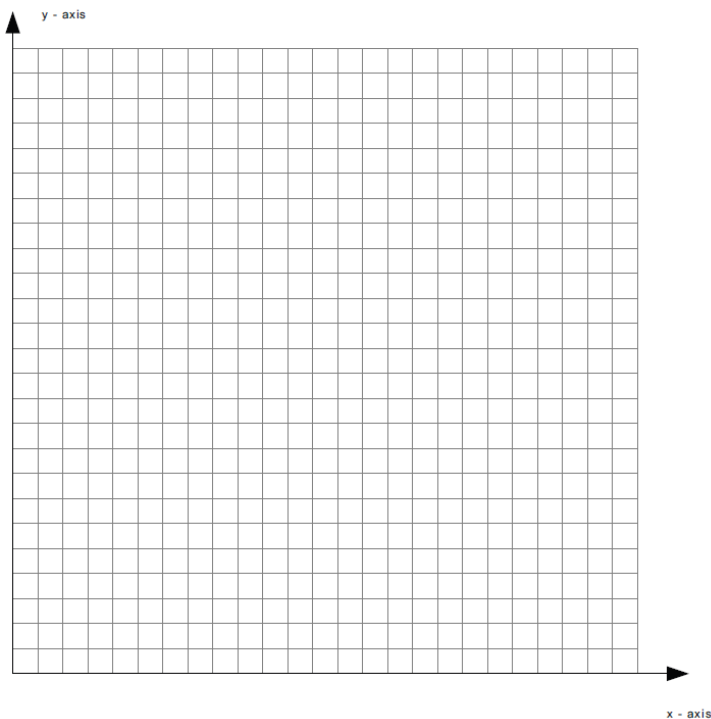
The law of Supply: The quantity of a good or service that will be offered for sale varies in direct relationship to its selling price.

Factors affecting Demand

1. Utility
2. Buying Power
3. Consumers

Factors impacting Supply

1. Cost of Production
2. Number of producers
3. Future Prices
4. Disasters and Emergencies
5. Government
6. Technology



| Price | Demand (000) | Supply (000) |
|-------|--------------|--------------|
| \$25 | 100 | 60 |
| \$40 | 80 | 80 |
| \$75 | 40 | 120 |

The cost of raw materials increases by 10%. What impact will this have on Supply? Demand?

Your biggest competitor introduces a new product with new features and is a big hit in the market. How will this impact Supply? Demand?

Equilibrium Price: The point where _____ equals _____.

What is the Equilibrium price and quantity?

What is a Buyers' Market?

What is a Sellers' Market?

When consumers adjust their demand based on price the demand is said to be _____.

Elasticity is an indication of how _____ affects the quantity _____ and _____.

What is a substitute product?

How does a substitute product impact supply and demand?

When demand for a product is not affected by price it is said to be _____.

What is a complementary product? How does it impact Supply? Demand?