Econ activity

Supply and demand

Answer the following questions to check your understanding.

1. What are the three necessities to have demand?
2. What does the law of demand tell a producer?
3. What is the difference between a change in demand and a change in quantity demanded?
4. If the price of Pepsi decreases and Coke stays the same, what happens to the demand for Coke? Why?
5. The price of Peanut butter just went up due to a peanut shortage, what now happens to the demand for jelly? Why?
6. You are in desperate need of a new tire as one of yours just went flat. There is only one Tire business around and you do not like the price, but buy the new tire anyway. Why did you buy the tire when you did not like the price?
7. You are shopping around for the best new phone, all of the prices are too high for you at the moment so you decide to wait until there is a sale to purchase one. What kind of demand is this?
8. There is a large rise in demand for oranges due to advertising of more health benefits from eating and drinking orange products. How do you raise the supply to meet the demand? What type of elasticity of supply do oranges have?
9. You want to find your total profit for the goods you are selling. How do you do this?
10. What is the main problem one has in deciding how to spend their resources as a consumer?