

Unit 2 Lesson 1 The Law of Demand

Homework Page 83 questions 1 and 2 & Page 88 questions 1 to 4

**Ceteris paribus**

- ◆ Latin phrase meaning “all things remaining equal”

Demand:

- ◆ the amount of a good or service that a consumer is \_\_\_\_\_ and \_\_\_\_\_ to buy at various possible \_\_\_\_\_ during a given time period.

Copy the demand schedule and demand curve made in class:

Definitions:

\_\_\_\_\_: amount of money a consumer can spend

**Quantity Demanded:** \_\_\_\_\_

\_\_\_\_\_: a chart that lists quantity demanded with price

\_\_\_\_\_: Graph of demand schedule. (goes down)

\_\_\_\_\_: An increase or decrease in a consumer’s purchasing power causes a change in demand.

WHAT CAN CHANGE THE QUANTITY DEMANDED IF EVERYTHING REMAINS EQUAL?

Because of ceteris paribus only the \_\_\_\_\_ can affect the quantity demanded.

THE LAW OF DEMAND:

An \_\_\_\_\_ in the price causes a \_\_\_\_\_ in the quantity demanded and a decrease in price causes an increase in quantity demanded.

**MORE DEFINITIONS:**

\_\_\_\_\_ : an alternative.

\_\_\_\_\_ : the tendency of consumers to replace a higher-priced product for another similar product that is \_\_\_\_\_ in price. Ex: generic drugs or chicken for beef

\_\_\_\_\_ : the more of an item you get the less useful it becomes.

\_\_\_\_\_ **goods:** as income goes up people buy more EX: \_\_\_\_\_

\_\_\_\_\_ **goods:** when income goes up people stop buying these **EX:** \_\_\_\_\_

\_\_\_\_\_ **goods:** goods that are commonly bought with other goods (Ex: \_\_\_\_\_)

What are the six factors that can change demand?

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.