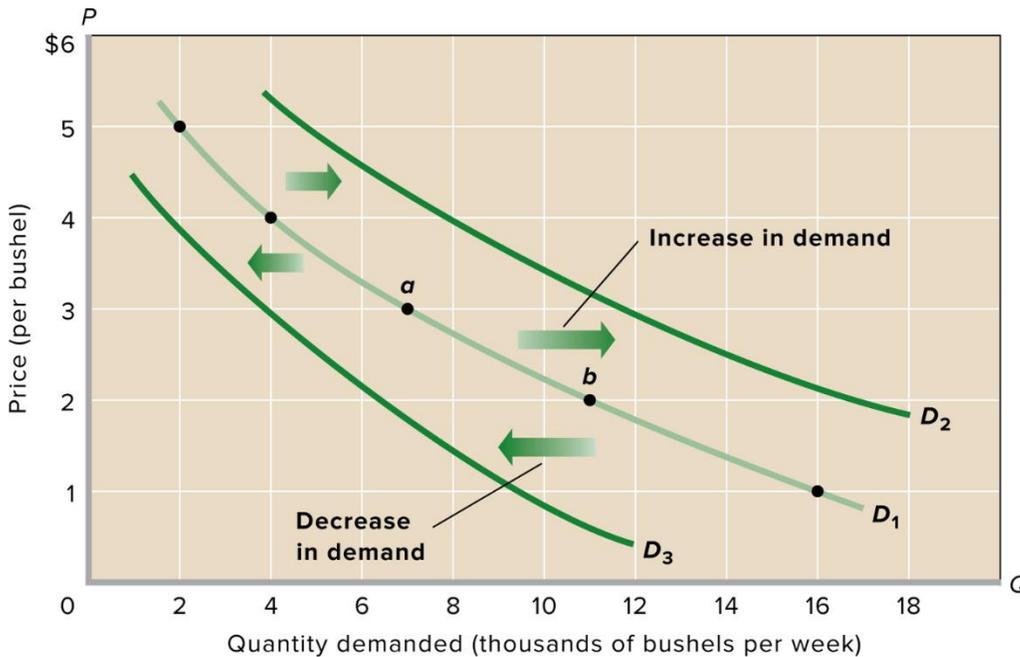


Changes in Demand (Moving Entire Curve) vs. Change in Quantity Demanded (Moving along a Curve)



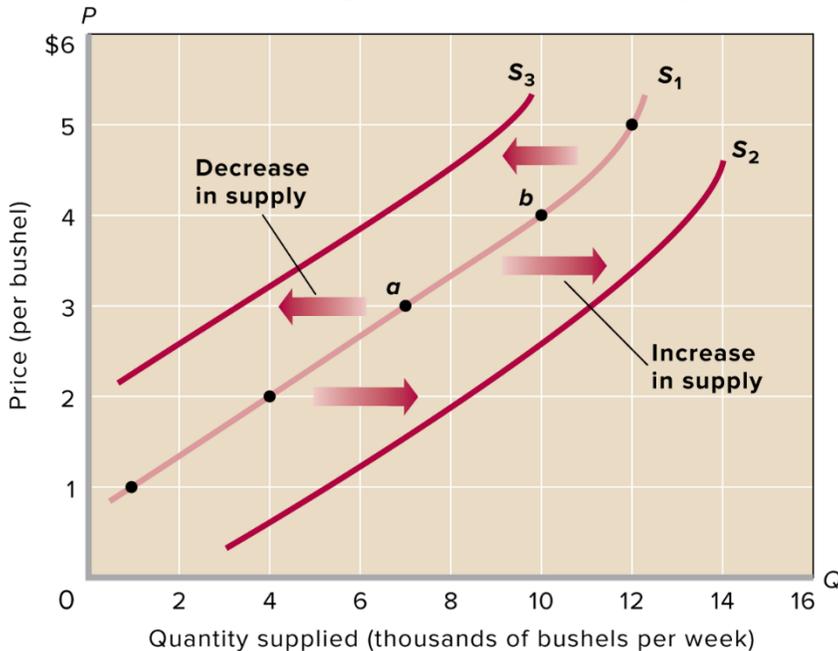
Market Demand for Corn, 200 Buyers, (D_1)	
(1) Price per Bushel	(2) Total Quantity Demanded per Week
\$5	2,000
4	4,000
3	7,000
2	11,000
1	16,000

Determinants of Demand

TABLE 3.1 Determinants of Demand: Factors That Shift the Demand Curve

<u>Determinant</u>	<u>Examples</u>
Change in buyer tastes	Physical fitness rises in popularity, increasing the demand for jogging shoes and bicycles; cell phone popularity rises, reducing the demand for landline phones.
Change in number of buyers	A decline in the birthrate reduces the demand for children's toys.
Change in income	A rise in incomes increases the demand for normal goods such as restaurant meals, sports tickets, and necklaces while reducing the demand for inferior goods such as cabbage, turnips, and inexpensive wine.
Change in the prices of related goods	A reduction in airfares reduces the demand for bus transportation (substitute goods); a decline in the price of DVD players increases the demand for DVD movies (complementary goods).
Change in consumer expectations	Inclement weather in South America creates an expectation of higher future coffee bean prices, thereby increasing today's demand for coffee beans

Changes in Supply (Moving Entire Curve) vs. Change in Quantity Supplied (Moving along a Curve)



Market Supply of Corn, 200 Producers, (S ₁)	
(1) Price per Bushel	(2) Total Quantity Supplied per Week
\$5	12,000
4	10,000
3	7,000
2	4,000
1	1,000

Determinants of Supply

TABLE 3.2 Determinants of Supply: Factors That Shift the Supply Curve

<u>Determinant</u>	<u>Examples</u>
Change in resource prices	A decrease in the price of microchips increases the supply of computers; an increase in the price of crude oil reduces the supply of gasoline.
Change in technology	The development of more effective wireless technology increases the supply of cell phones.
Changes in taxes and subsidies	An increase in the excise tax on cigarettes reduces the supply of cigarettes; a decline in subsidies to state universities reduces the supply of higher education.
Change in prices of other goods	An increase in the price of cucumbers decreases the supply of watermelons.
Change in producer expectations	An expectation of a substantial rise in future log prices decreases the supply of logs today.
Change in number of suppliers	An increase in the number of tattoo parlors increases the supply of tattoos; the formation of women's professional basketball leagues increases the supply of women's professional basketball games.