

2.09 IN BRIEF

Demand Curve Practice

Short Answer. Write a brief response to each prompt, below.

1. In your own words, write a definition of "demand."

2. In your own words, write a definition of "quantity demanded."

3. Name the two factors that explain the shape of the demand curve for a normal good.

4. Explain the relationship between the price of a good and the demand for its substitute.

5. Explain the relationship between the price of a good and the demand for its complement.

2.10 APPLYING KEY CONCEPTS

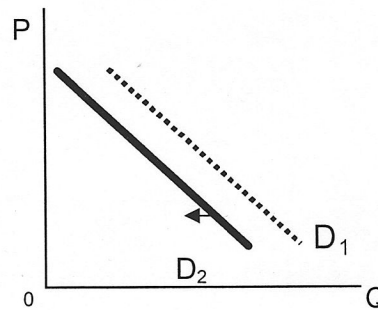
Mean curves. In each problem below, there is an explanation of something that has happened to one of the non-price factors that affects demand. The original demand curve, labeled "D₁," has been drawn for you. Draw a new demand curve that reflects the change in demand. Label the new curve "D₂."

Change:

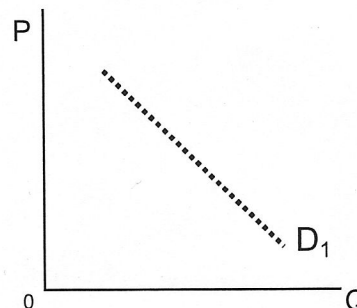
Ex.: Yet another popular new diet has everyone afraid to eat carbs. Indicate what will happen to the demand curve for bread, which are carb-rich.

Your Response:

Demand for Bread



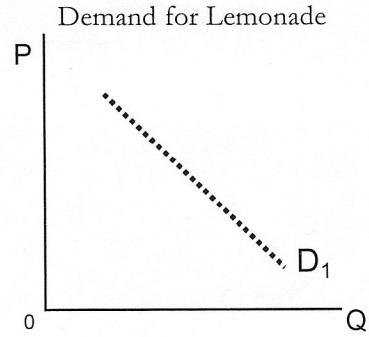
Demand for DECA DOGS



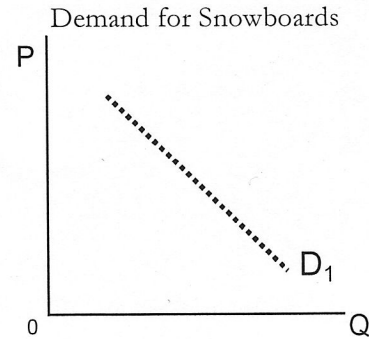
1. The price of hotdog buns increases sharply. Indicate what will happen to the demand for DECA DOGS, a nationally-recognized brand of hotdog.

Demand Curve Practice

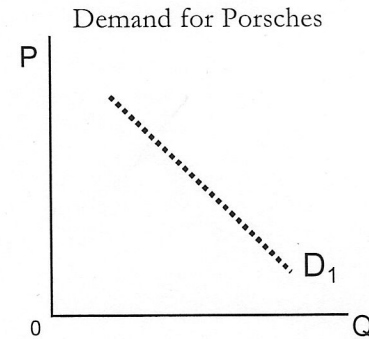
2. The price of iced tea decreases. Indicate what will happen to the demand for lemonade.



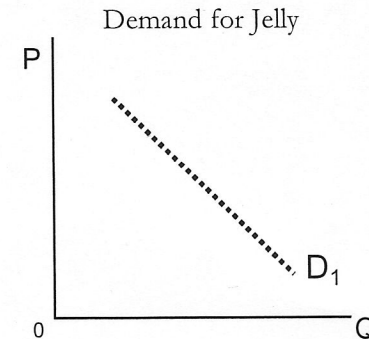
3. In April, the last of the snow at the local ski resort has melted. Indicate what has happened to the demand for snowboards.



4. A new president is elected, and his first order of business is to give an immediate tax break to anyone who earns \$250,000 per year or more. Indicate what will happen to the demand for Porsches when the tax break goes through.



5. The price of peanut butter decreases. Indicate what will happen to the demand for jelly.



6. Student loan checks are disbursed and college students suddenly have more "income." Indicate what will happen to the demand for macaroni-n'-cheese dinners.

