



International university

# Market forces of supply and demand

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# What is a market?

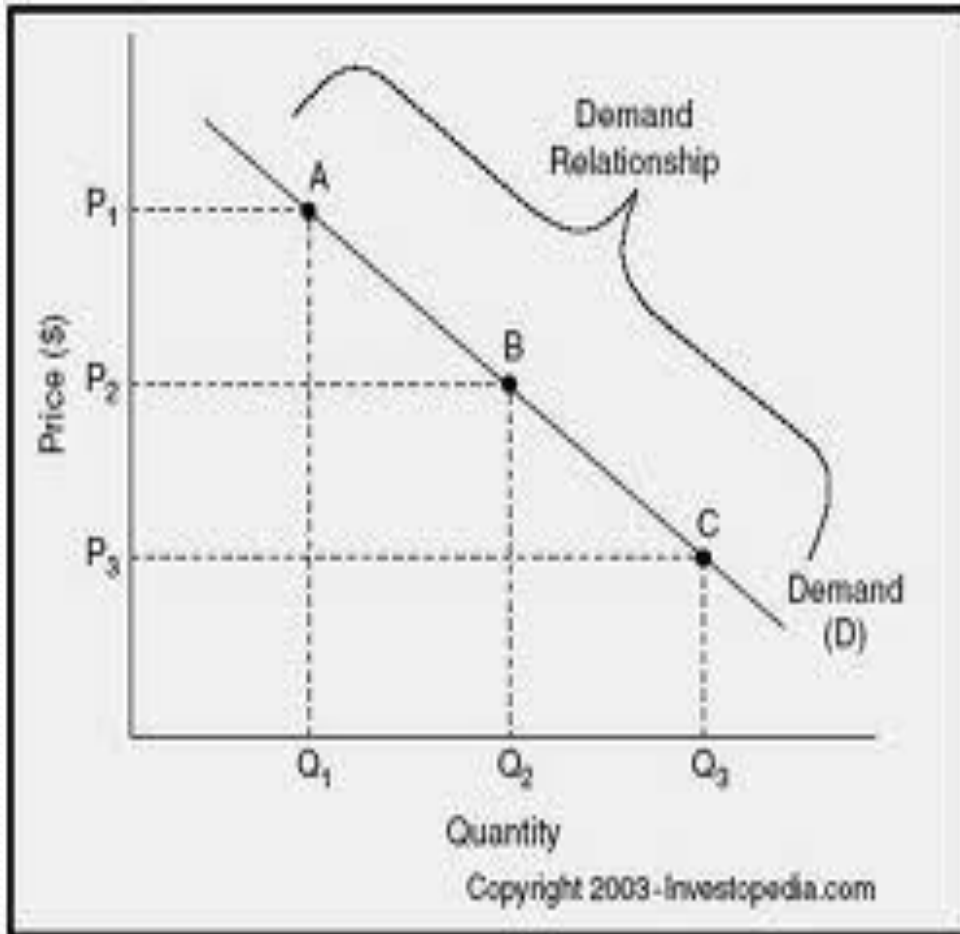


- Market it is a group of buyers and sellers of a particular good or service.

# What is a Competitive market?

- Competitive market is a market in which there are many buyers and many sellers so that each has a negligible (незначительный) impact on the market price.

# Demand



- **Quantity of demand**

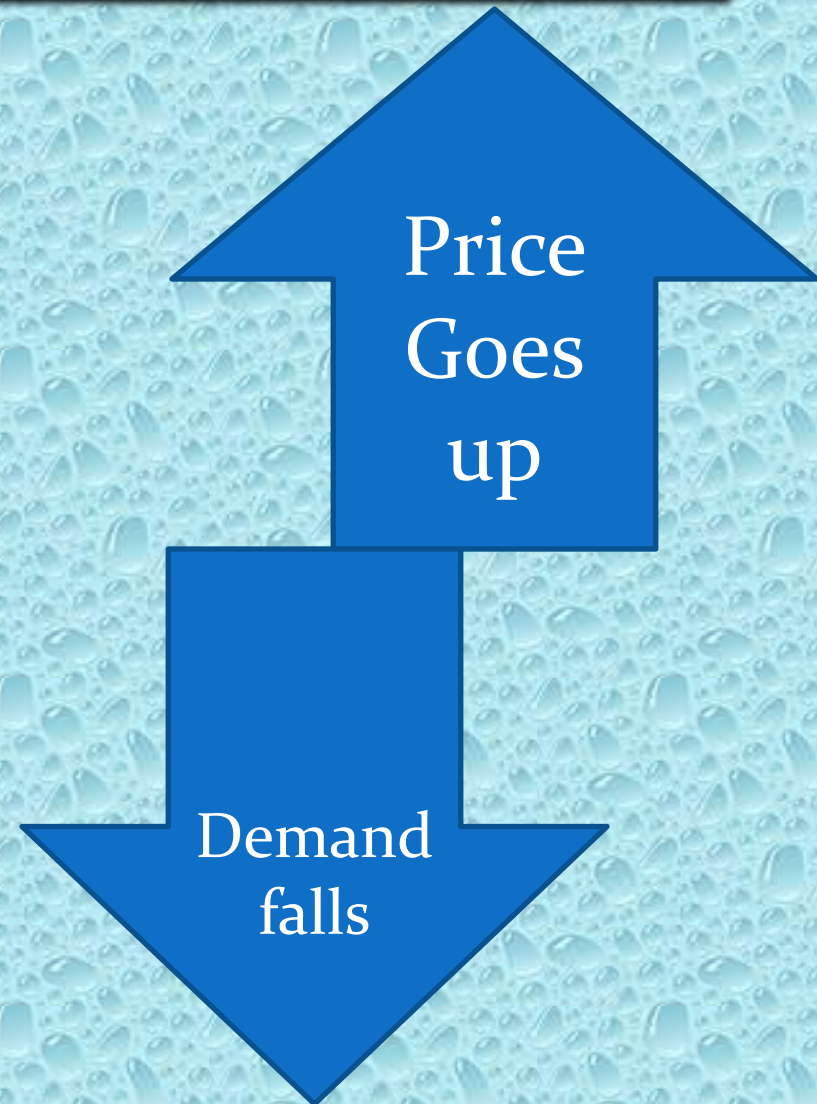
The amount of a good that buyers are willing and able to purchase

- **Demand schedule**

A table that shows the relationships between the price of a good and the quantity demanded.

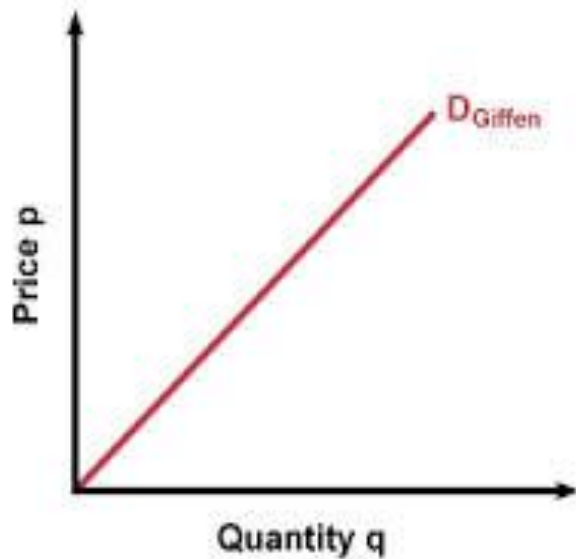
# Law of demand

- The claim that , other things equal, the quantity demanded of a good falls when the price of the good rises.

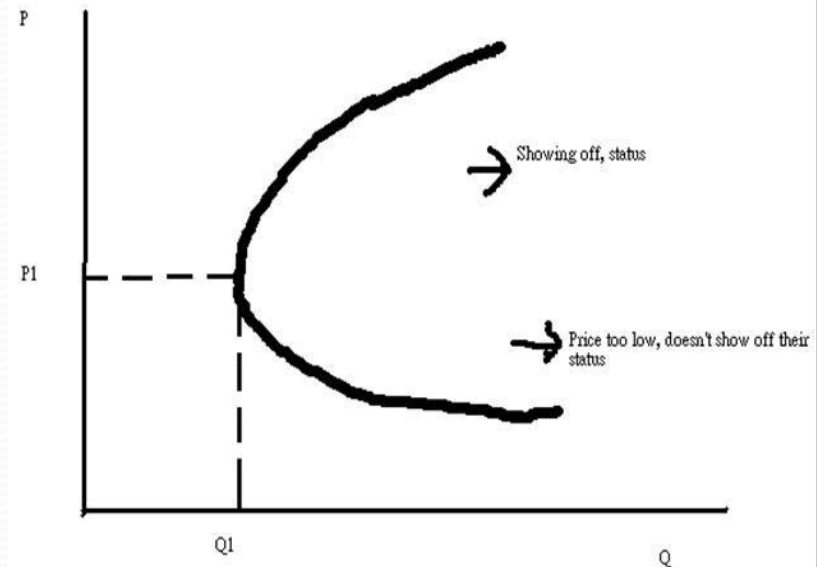


# Exceptions to law of demand

- Giffen products



- Veblen products



# What affects demand ?

Size of  
population

Income

Preferences

Seasonal  
changes

Government  
policy changes

Complements  
and  
substitutes

***What are complements and substitutes?***



# Complements

- These are goods which supplement each other.
- For example:



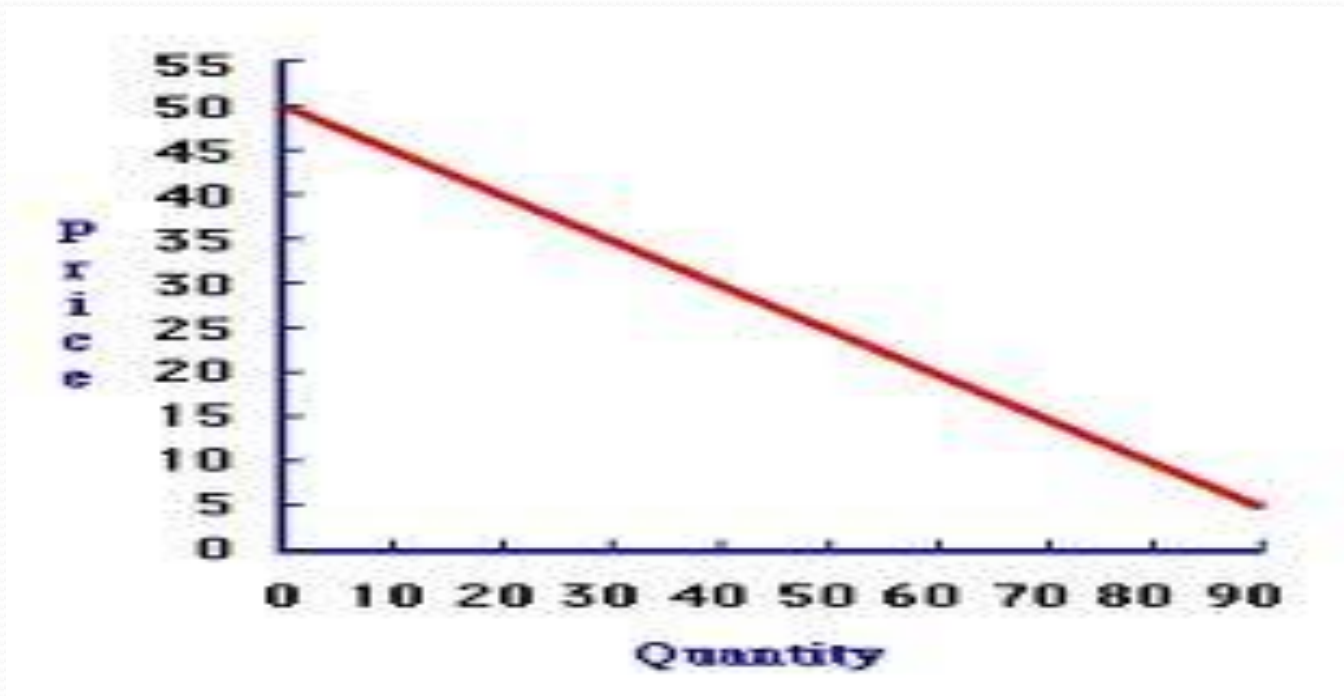
# Substitues

- These are products which change each other.
- For example:



# Demand curve

- Demand curve it is a graph of the relationship between the price of a good and the quantity demanded.



**IMPORTANT!!**

Movement along the demand curve is caused by a **CHANGE IN PRICE**.

All other factors apart from **PRICE** lead to a shift in demand.

# Supply



## **Quantity supplied**

The amount of a good that sellers are willing and able to sell.

## **Supply schedule**

A table that shows the relationships between the price of a good and quantity supplied.

# Law of supply

- The claim that, other things equal, the quantity supplied of a good rises when the price of the good rises.

