

VOCABULARY FOR CHAPTER 3

1. LAW OF DEMAND

2. MARKET DEMAND CURVE

3. MARGINAL UTILITY https://docs.google.com/presentation/d/1balpJoOa_bE-5lnPtZ-o0AO7Ck-CdEUNb/edit#slide=id.p2

4. DIMINISHING MARGINAL UTILITY

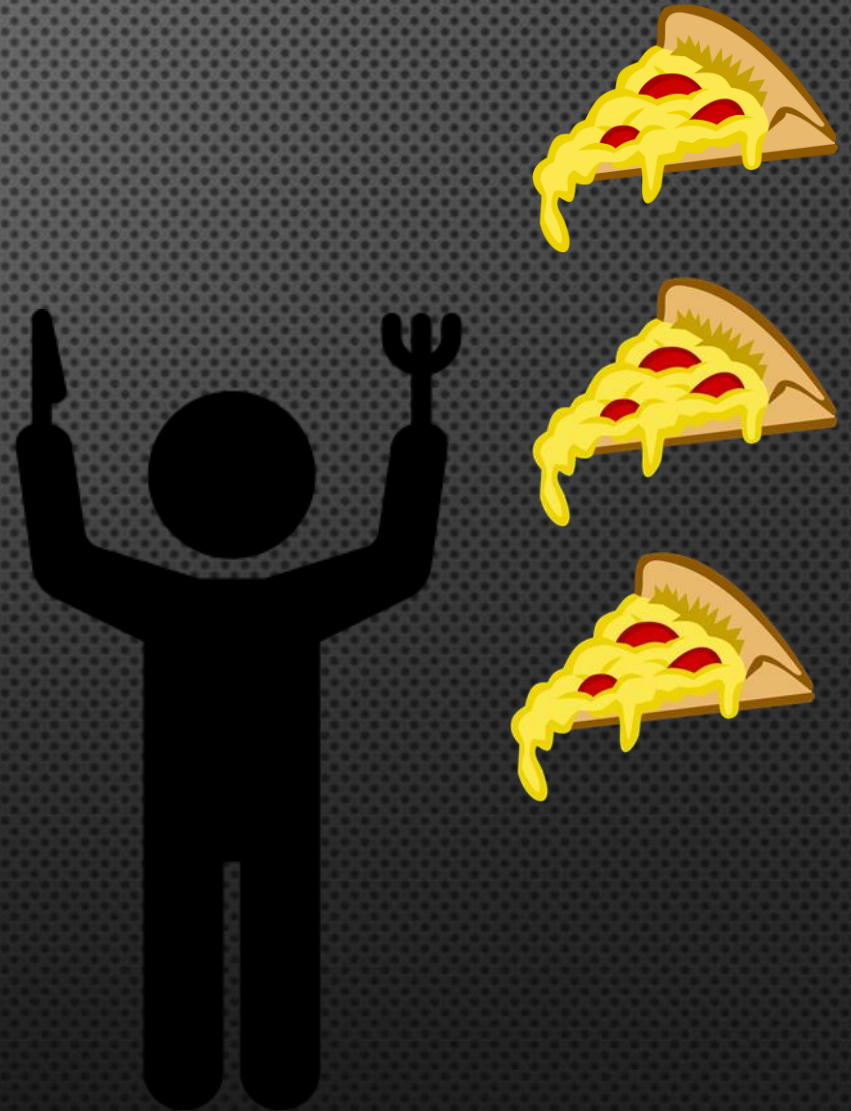
5. INELASTIC

6. ELASTIC



DIMINISHING MARGINAL UTILITY

THE EXTRA USEFULNESS
OR SATISFACTION OF
USING ONE MORE OF A
PRODUCT.



DEMAND

THE **DESIRE**, **ABILITY**, AND **WILLINGNESS** TO BUY
A PRODUCT.

1. **DESIRE:** DO YOU WANT IT? 😊
2. **ABILITY:** CAN YOU AFFORD TO BUY IT? 😊💰
3. **WILLINGNESS:** WILLING TO GIVE UP THE MONEY? 💰



1. **DESIRE:** DO YOU WANT IT?
2. **ABILITY:** CAN YOU AFFORD TO BUY IT?
3. **WILLINGNESS:** WILLING TO GIVE UP THE MONEY?

LAW OF DEMAND

**THE QUANTITY DEMANDED VARIES
INVERSELY WITH ITS PRICE**



5/11

12 Pack Coca-Cola or
Pepsi Products
12 oz. cans

Gold Peak Tea
64 oz. btl.

SALE



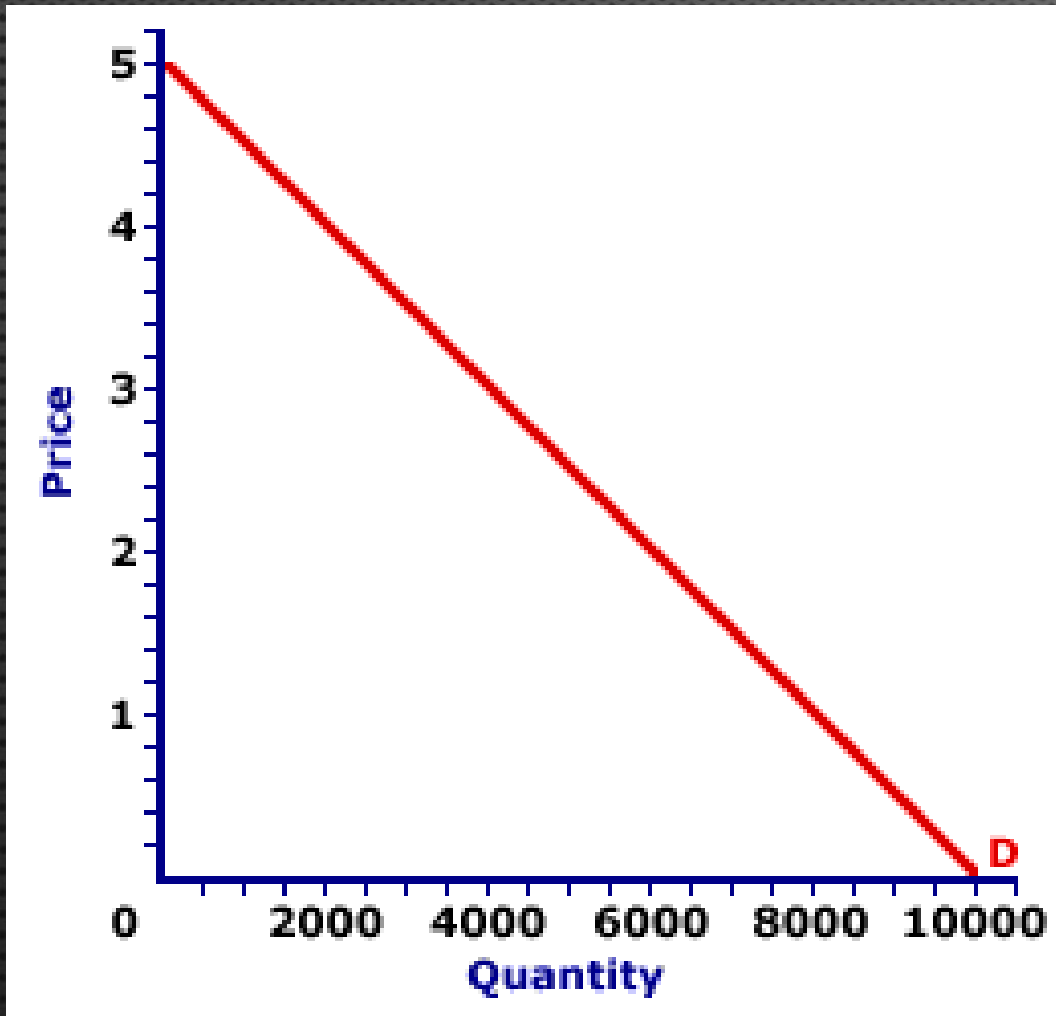
DEMAND SCHEDULE

Demand Schedule

P	Q_d (thousands)
\$140	0
\$120	5
\$100	10
\$80	15
\$60	20
\$40	25
\$20	30
\$0	35

THE DEMAND SCHEDULE SHOWS THE VARIOUS QUANTITIES DEMANDED OF A PARTICULAR PRODUCT AT ALL PRICES THAT MIGHT PREVAIL IN THE MARKET AT A GIVEN TIME

DEMAND CURVE



**GRAPH SHOWING THE
QUANTITY DEMANDED AT
EACH AND EVERY PRICE THAT
MIGHT PREVAIL IN THE
MARKET**

LETS APPLY THE LAW OF DEMAND

Price	Quantity Demanded per Month
\$15	1
12	2
9	3
6	5
3	7



How many of you would pay \$15 for a burger? How about \$3 a month?