

Practice problems with demand curves:

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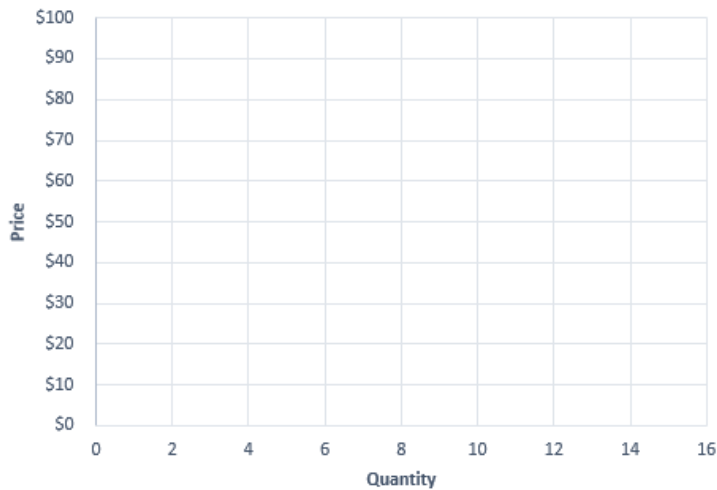
- Find market demand from individual demand
- Plot the demand curve
- Use relationship graphs to show how the demand relationship shifts in response to a change in a determinant of demand.

1. Find market demand for **tennis shoes** from the demand schedules of four individuals

	A	B	C	D	M = A + B + C + D
Price	Julie's quantity demanded	Ellen's quantity demanded	Matt's quantity demanded	Evan's quantity demanded	Market quantity demanded
\$90	0	0	1	1	
\$70	1	0	2	3	
\$50	2	1	3	4	
\$30	3	2	4	5	

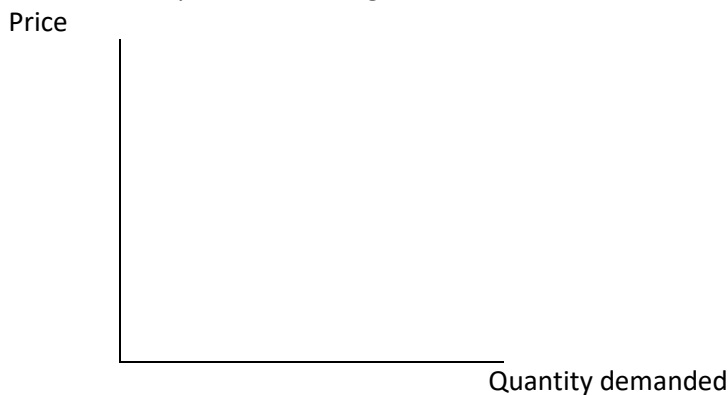
2. Plot the market demand schedule in the graph below.

Market for tennis shoes

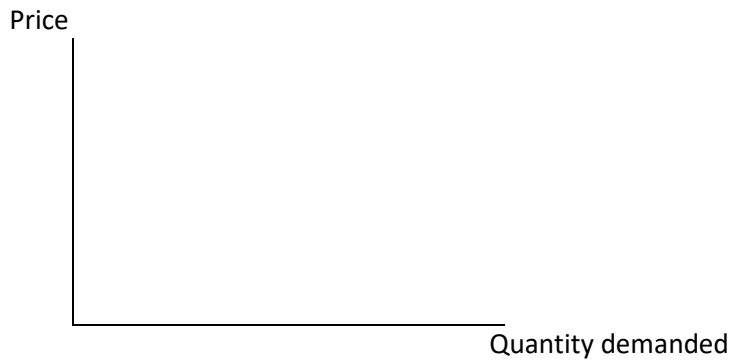


3. Relationship graphs

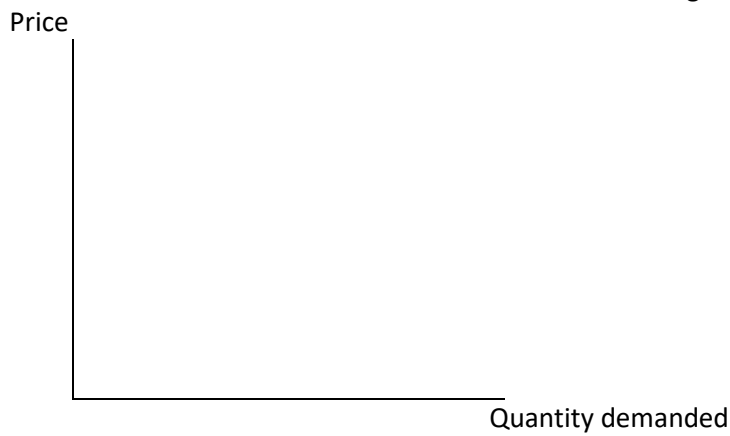
- a. Show what would happen to the market demand for tennis shoes if there were an increase in population. Note: you must draw two demand curves; label them so a reader can tell which one represents the original demand curve and which the new demand curve.



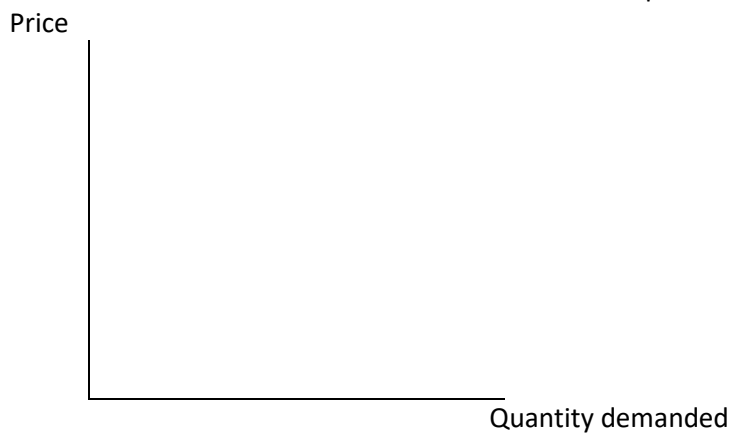
- b. Show what would happen to the market demand for tennis shoes if there were an increase in **income** and tennis shoes are considered to be **inferior** goods:



- c. Now show what would happen to the market demand for tennis shoes if there were an increase in **income** and tennis shoes are considered **normal** goods:



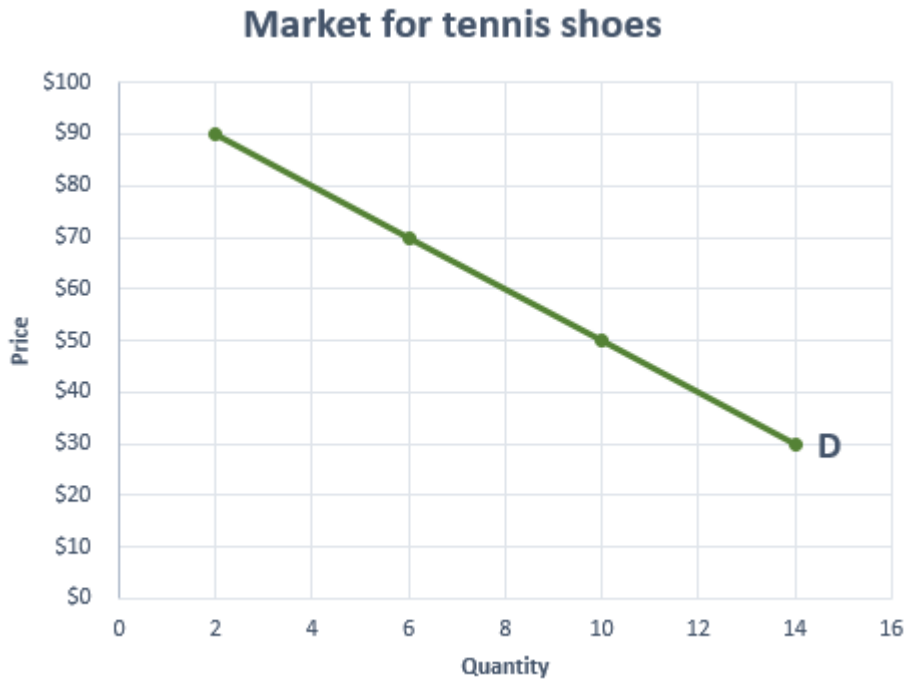
- d. What happens to the market demand for **tennis shoes** if the price of **tennis racquets** quadruples? What is the correct economic term for the relationship between tennis shoes and tennis racquets?



ANSWERS

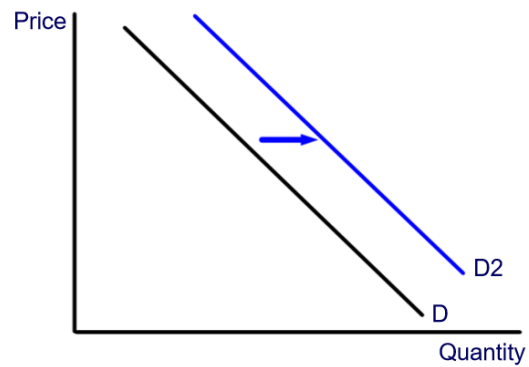
DO NOT CHECK THESE ANSWERS UNTIL YOU HAVE COMPLETED **ALL** OF THE QUESTIONS

Market demand curve:

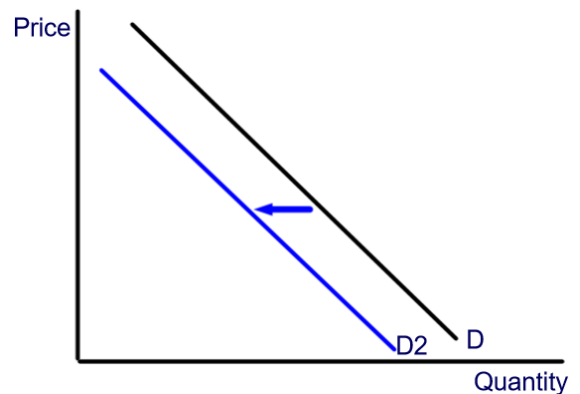


Relationship graphs

Increase in population causes increase in demand:

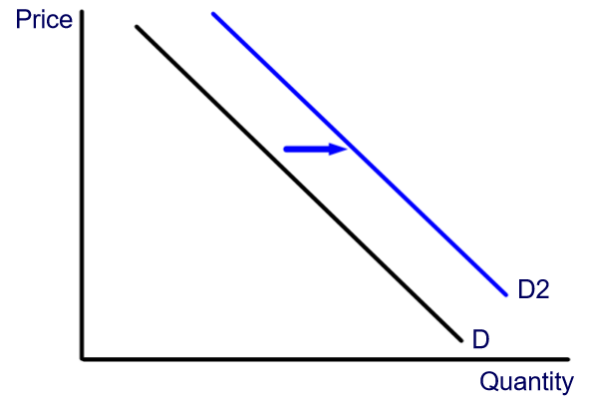


Increase in **income** and tennis shoes are considered to be **inferior** goods: this will cause demand to **DECREASE** because, with the increase in income, people will shift buying away from tennis shoes and towards normal goods.



Increase in income, tennis shoes are normal goods.

This causes demand to increase



Demand for **tennis shoes** if the price of **tennis racquets** quadruples? These are **COMPLEMENTS**. An increase in the price of a complement causes demand for tennis shoes to decrease.

