

The background features abstract, flowing waves in shades of red, orange, and yellow, creating a dynamic and modern aesthetic. The waves are layered and semi-transparent, giving a sense of depth and movement.

PRICE THEORY

Unit 2

DEMAND

- = **quantifying the wants and needs of consumers.**
- Businesses assess the *wants & needs* and also the *price* that the consumers are willing to pay.
- **Law of demand:** when the **price** of a product \uparrow , the **demand** for that product will \downarrow & vice versa.

**BLACK
FRIDAY**

Price \uparrow = demand \downarrow

Price \downarrow = demand \uparrow

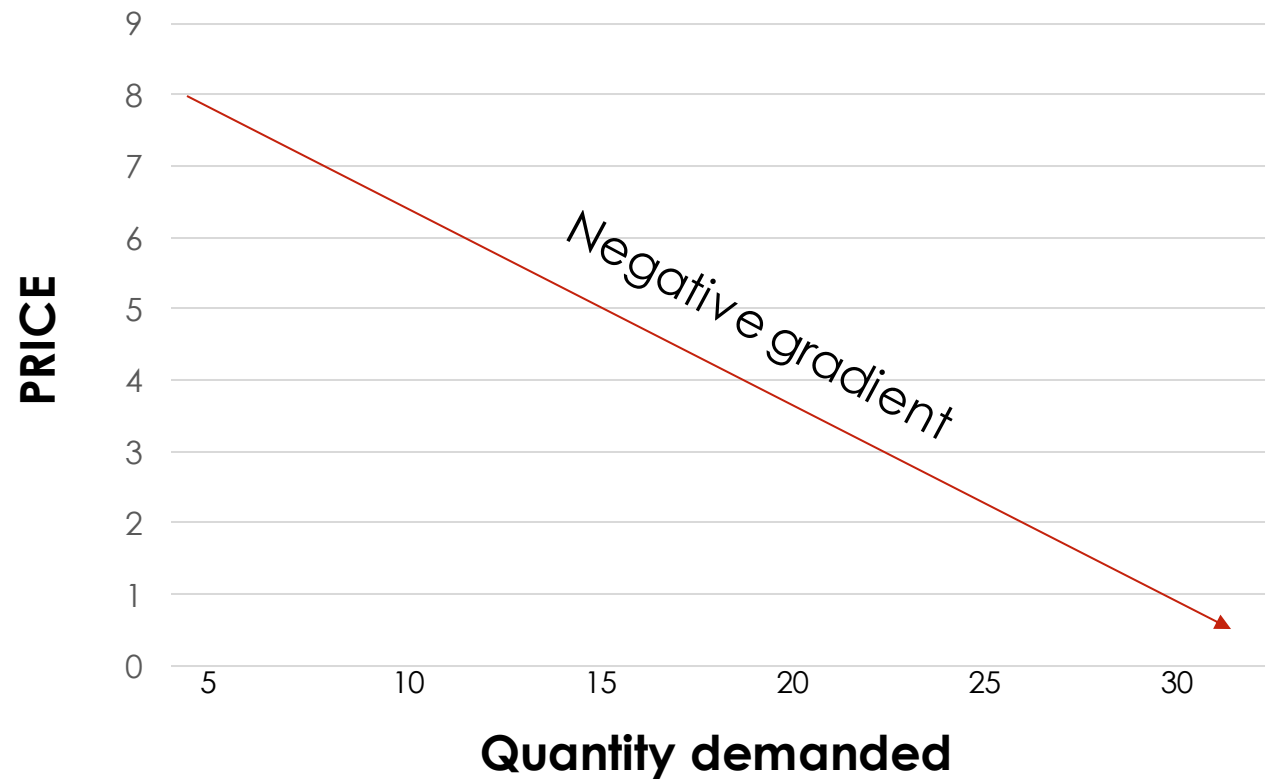


Demand schedule

Price	Quantity demanded
R3	50
R4	45
R5	30
R6	25

Not the best way to represent information

Demand curve





CLASS WORK P.78 ACTIVITY 2

SUPPLY

- = **Quantifying the units producers are willing to provide at specific prices.**
- Businesses determine the quantity of products they are willing to supply at different prices.
- **Law of supply:** when **price** of products \uparrow the **supply** of products \uparrow & vice versa.

Price = \uparrow
Supply = \uparrow



Supply schedule

Price	Quantity supplied
R5	0
R10	100
R20	250
R30	300

Supply curve





CLASS WORK P.79 ACTIVITY 5

EQUILIBRIUM PRICE AND QUANTITY

- **Market equilibrium price:** where the price of '*quantity supplied*' = '*quantity demanded*'. In other words....
- =where the demand curve *intersects* the supply curve (p. 80 point E)
- **Market equilibrium quantity:** where supply=demand (in reality the market is seldom in perfect equilibrium) there is often a *SURPLUS/ SHORTAGE*

CLASS WORK: P81 ACTIVITY 8

HOME WORK: P81 ACTIVITY 9

CHANGE IN DEMAND OF CONSUMERS

- Demand changes when the consumers preferences changes and market- conditions change.
- **Factors influencing the demand of consumers...**
 1. price
 2. amount of money the consumers have
 3. advertising
 4. weather conditions
 5. competition
 6. price of complimentary & substitute products
 7. fashion trends

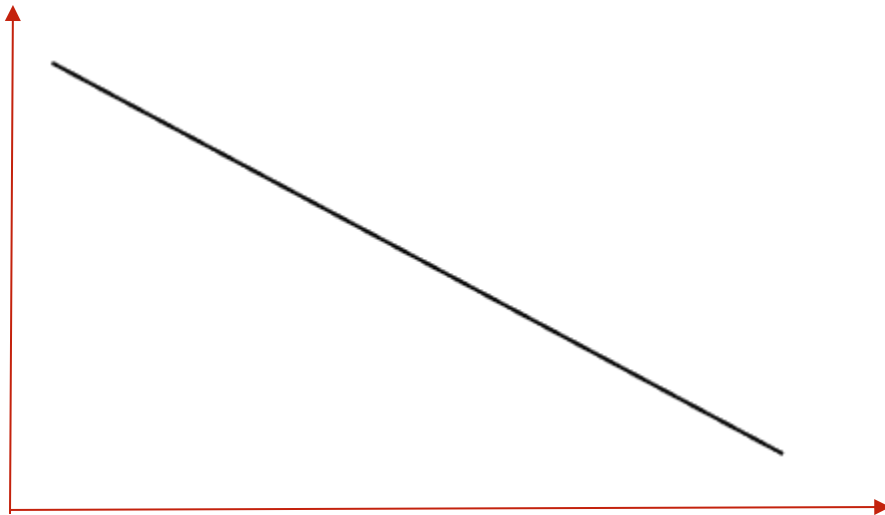


CHANGE IN SUPPLY OF BUSINESSES

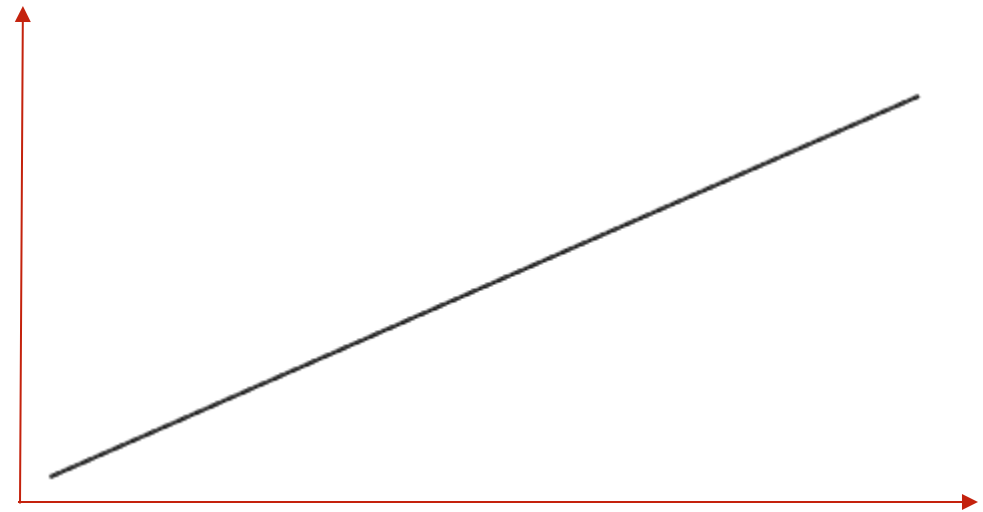
- **Factors influencing the supply of goods and services;**
 1. price
 2. cost of production
 3. method of production
 4. number of producers

INCREASE AND DECREASE IN.....

demand



supply





CLASS WORK ACTIVITY 10
HOME WORK P87 ACTIVITY 11