

## Demand

Demand is the quantity of a good that consumers are not only willing to purchase, but also have the capacity to buy at the given price per unit of time. For example, a consumer may be willing to purchase 2 kg of potatoes if the price is \$0.75 per kg. but, the same consumer may be willing to purchase only 1 kg if the price is \$1.00 per kg.

### 2-2. demand schedule

A demand schedule can be built that shows the quantity demanded at each given price.

demand schedule

price	quantity
6	2
5	3
4	4
3	5

It can be represented on a graph as a line or curve by drawing the quantity demanded at each price. It can also be described mathematically by a demand equation.

### 2-3. Demand curve

The general form of a demand curve is that it is downward sloping. because that negative relationship between price of goods and there quantities.

### 2-4. Special cases of a demand curve

The demand curve for most, if not all, goods fits to this principle. There may be unusual examples of goods that have upward sloping demand curves. A good whose demand curve has an upward slope is known as a Giffen good.

### 2-5. Aggregate demand

- Aggregate demand is the total demand for final goods and services in the economy (Y) during a specific time period.
- An aggregate demand curve is the sum of individual demand curves for different sectors of the economy.

- The aggregate demand equation has five main parts:

$$YD=C+I+G+(X-M)$$

where

C: is consumption,

I: is Investment,

G: is Government spending,

NX: is Net export,

X: is total exports, and

M: is total imports.

2-6. caused of change in demand:

A change in demand for a product can be caused by many factors. Below are a few of the most common.

- Population Changes – An increase in population increases the demand for food and other products, shifting the curve to the right.
- Demographic Changes – The ageing population in any country will affect the demand of many products. For example, the demand for health care will increase, shifting the curve to the right.

- Tastes and Preferences – In recent years, health concerns have had a major effect on the preference for various types of food products.
- Rising Incomes – Increasing income levels in developing countries increases the demand for food, shifting the demand curve to the right.
- Income Distribution – The rising income disparity in the U.S. has increased the demand for high value/expensive products by high income consumers while having little effect on the product demands of middle income consumers.
- Substitute Products – Because beef, lamb and poultry are all meat products, what happens in one product affects the others. A disease problem in the poultry product that reduces the supply of poultry will shift the demand curves for beef and lamb to the right.