Introduction to economics 2

We are going to look in more detail at the economic models that are an important part of price determination.

These are **demand**, **supply** and **price equilibrium**. These are core components in microeconomics.

Demand is the amount a customer is willing and able to buy, at a set price, at a given point in time.

Watch this short YouTube video to learn about demand. You may want to download the note taker document here to support you whilst watching this clip.

If you haven't already done so, remember to subscribe and to like the videos as you watch them. This channel is here to support you throughout your study of economics.

YouTube https://youtu.be/YuV9RRqahVY

Note taker https://drive.google.com/open?id=19L_0RNeJ7ZnE0Jvq8W0CQTtNjk-sHZxF

Open the BBC story:
Coronavirus: Why is the petrol price nearing £1 a litre?
https://www.bbc.co.uk/news/business-52188448

Use a highlighter to read the whole article and pick out any factors that contributed to a change in demand. Note down the factors below.

Did demand increase or decrease?

_____

Was this as a result of a change in price or other factors?

_____

Should this be illustrated by a movement along or a shift in the demand curve?

_____

Draw a demand curve to demonstrate this. Remember to add a title and label axis and curves carefully.

Drawing the diagram is seen as knowledge. In economics, it is important to explain what your diagrams show. When doing this you reference the curve and axis labels. This is now demonstrating the skill of application. For example, as a result in a fall in demand caused by x there was a shift in the demand curve from D to D1. Developing this further to show cause and effect is known as analysis. This led to …..

Explain your diagram. (You are now starting to show 3 of the 4 exam skills that will be crucial throughout your study of economics)

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In economics you will learn a lot of new terminology. In this worksheet, so far, you have been introduced to 2 key terms. Before moving on check that you understand these terms.

- Demand
- Demand curve