



TEORI EKONOMI

Demand & Supply

Demand

- What is the law of demand?

- Menurut hukum permintaan, kuantitas barang atau jasa yang diminta berbanding terbalik dengan harga, ceteris paribus. (dengan hal-hal lainnya tetap sama)

- Secara langsung, hal-hal lain dianggap sama/tetap, ketika harga produk dan layanan turun, namun kuantitas permintaan meningkat.

$$P \uparrow \Rightarrow Q_D \downarrow \text{ and } P \downarrow \Rightarrow Q_D \uparrow$$

- *when the price (P) of a good or service falls, the quantity demanded (QD) increases. Conversely, if the price of a good or service rises, the quantity demanded decreases.*

- Hukum permintaan menempatkan konsep dasar manusia "kebutuhan" sebagai alat analisis.
 - *Needs are those things that you must have at any price.*
 - *That is, there are no substitutes.*

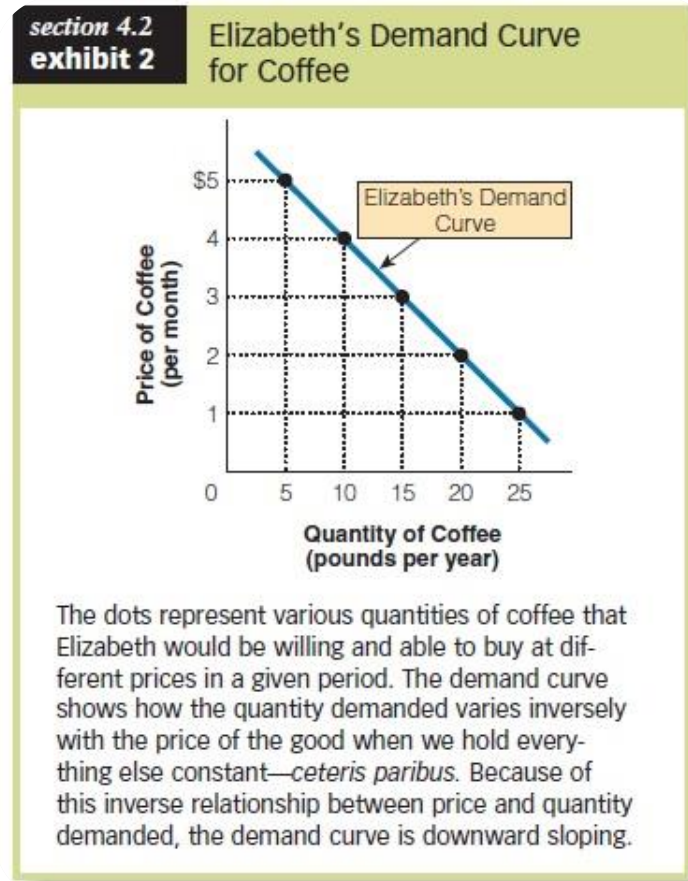
individual demand schedule

- a schedule that shows the relationship between price and quantity demanded

<i>section 4.2</i> exhibit 1 Elizabeth's Demand Schedule for Coffee	
Price of Coffee (per pound)	Quantity of Coffee Demanded (pounds per year)
\$5	5
4	10
3	15
2	20
1	25

individual demand curve

a graphical representation that shows the inverse relationship between price and quantity demanded



market demand curve

- *the horizontal summation*
- *of individual demand curves*

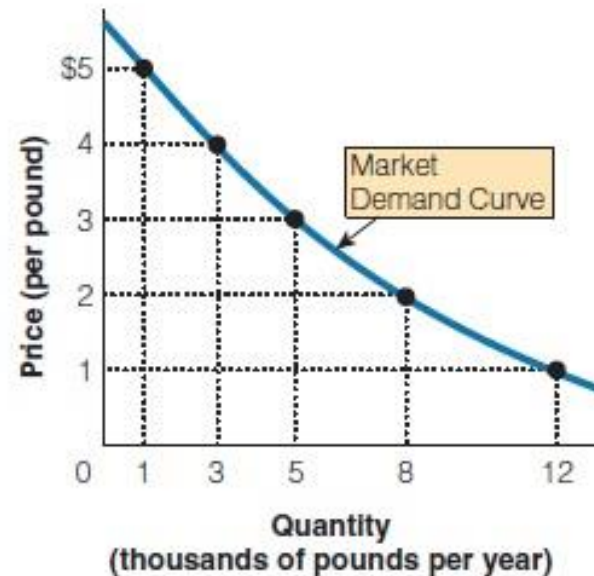
section 4.2 exhibit 4

A Market Demand Curve

a. Market Demand Schedule for Coffee

Price (per pound)	Quantity Demanded (pounds per year)
\$5	1,000
4	3,000
3	5,000
2	8,000
1	12,000

b. Market Demand Curve for Coffee



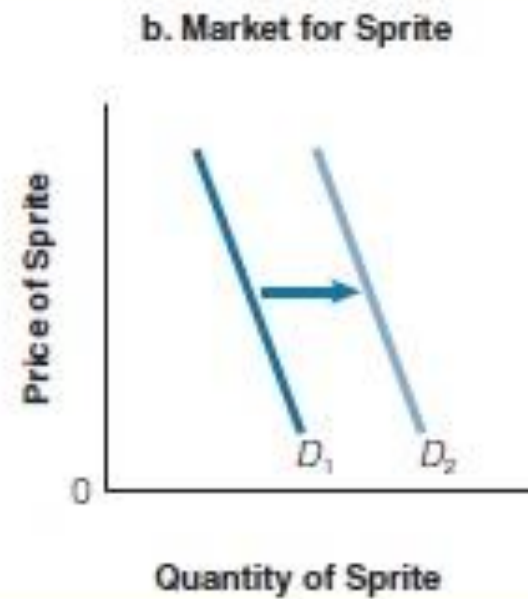
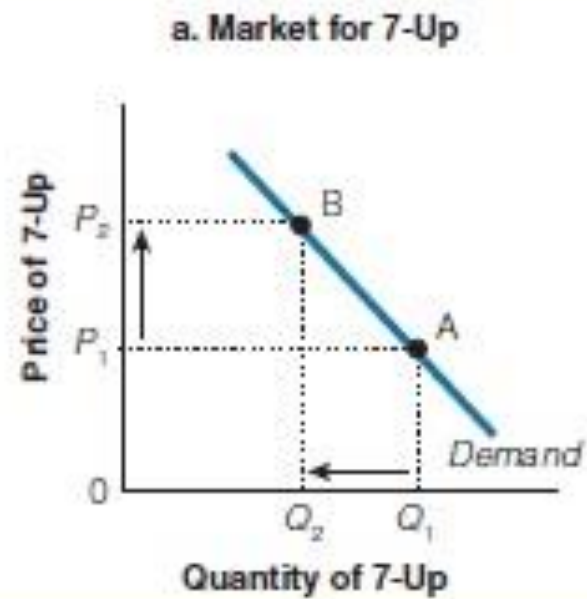
The market demand curve shows the amounts that all the buyers in the market would be willing and able to buy at various prices. We find the market demand curve by adding horizontally the individual demand curves. For example, when the price of coffee is \$2 per pound, consumers in the market collectively would be willing and able to buy 8,000 pounds per year. At \$1 per pound, the amount collectively demanded would be 12,000 pounds per year.

Substitutes

- Substitutes are generally goods for which one could be used in place of the other. To many, substitutes would include butter and margarine, domestic and foreign cars, movie tickets and video rentals, jackets and sweaters, Exxon and Shell gasoline, and Nikes and Reeboks.

section 4.3
exhibit 2

Substitute Goods



- In Exhibit 2(a), we see that as the price of 7-Up increases—a movement up along the demand curve for 7-Up, from point A to point B. The price increase for 7-Up causes a reduction in the quantity demanded of 7-Up. If the two goods are substitutes, the higher price for 7-Up will cause an increase in the demand for Sprite (a rightward shift), as seen in Exhibit 2 (b).

substitutes

- an increase (decrease) in the price of one good causes the demand curve for another good to shift to the right (left)
- complements
- an increase (decrease) in the price of one good shifts the demand curve for another good to the left (right)

Substitutes

$$P_{\text{GOOD A}} \uparrow \Rightarrow \uparrow D_{\text{GOOD B}}$$

$$P_{\text{GOOD A}} \downarrow \Rightarrow \downarrow D_{\text{GOOD B}}$$

Complements

$$P_{\text{GOOD A}} \uparrow \Rightarrow \downarrow D_{\text{GOOD B}}$$

$$P_{\text{GOOD A}} \downarrow \Rightarrow \uparrow D_{\text{GOOD B}}$$

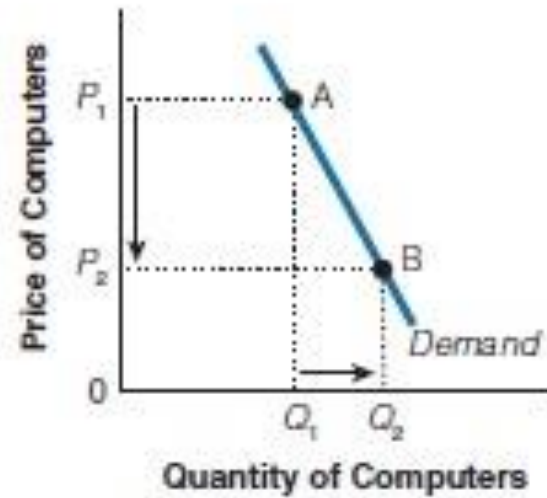
Income

- Economists have observed that generally the consumption of goods and services is positively related to the income available to consumers.

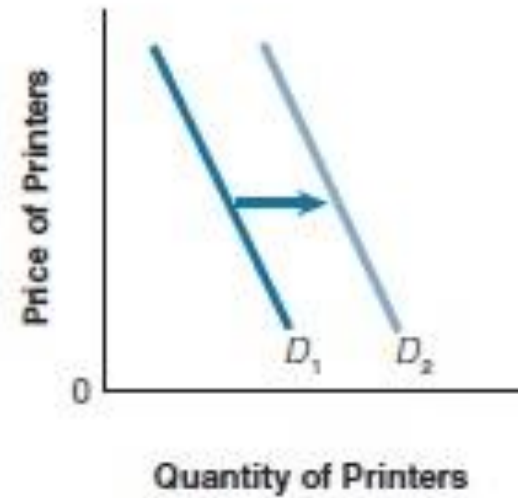
section 4.3
exhibit 3

Complementary Goods

a. Market for Computers



b. Market for Printers



Quantity of Computers



Quantity of Printers



normal good

- if income increases, the demand for a good increases; if income decreases, the demand for a good decreases
- inferior good
- if income increases, the demand for a good decreases; if income decreases, the demand for a good increases

Normal Good

Income $\uparrow \Rightarrow$ Demand \uparrow

Income $\downarrow \Rightarrow$ Demand \downarrow

Inferior Good

Income $\uparrow \Rightarrow$ Demand \downarrow

Income $\downarrow \Rightarrow$ Demand \uparrow

Income $\uparrow \Rightarrow$ Demand \downarrow

Number of Buyers

- The demand for a good or service will vary with the size of the potential consumer population. The demand for wheat, for example, rises as population increases, because the added population wants to consume wheat products, such as bread or cereal.

Consumer's Preferences and Information

- The demand for a good or service may increase or decrease suddenly with changes in people's tastes or preferences. Changes in taste may be triggered by advertising or promotion, by a news story, by the behavior of some popular public figure, and so on.

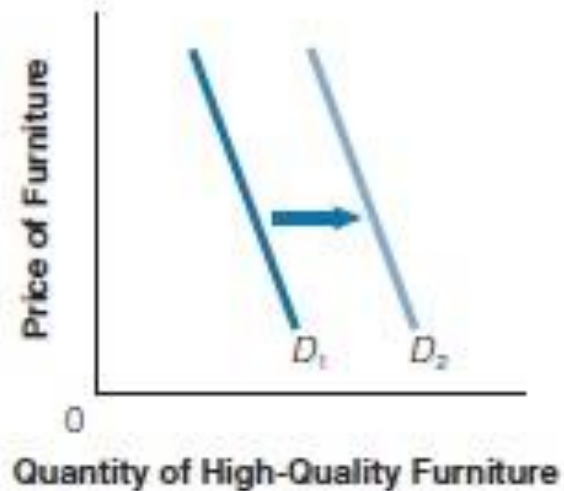
Expectations

- Sometimes the demand for a good or service in a given period will dramatically increase or decrease because consumers expect the good to change in price or availability at some future date.

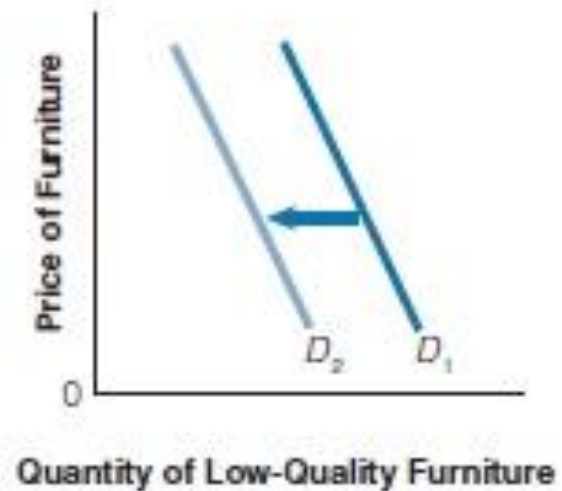
section 4.3
exhibit 4

Normal and Inferior Goods

a. Rising Income and a Normal Good



b. Rising Income and an Inferior Good



Quantity of High-Quality Furniture

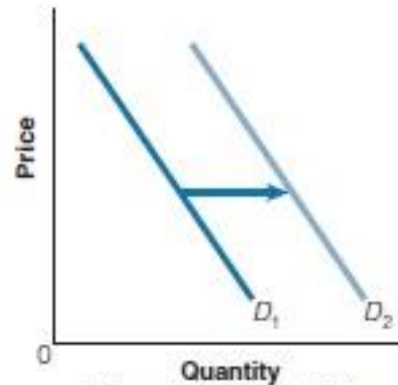
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Quantity of Low-Quality Furniture

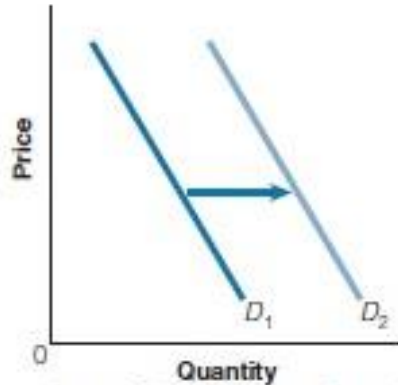
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section 4.3
exhibit 5

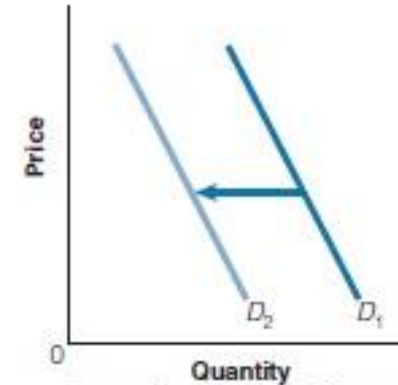
Possible Demand Shifters



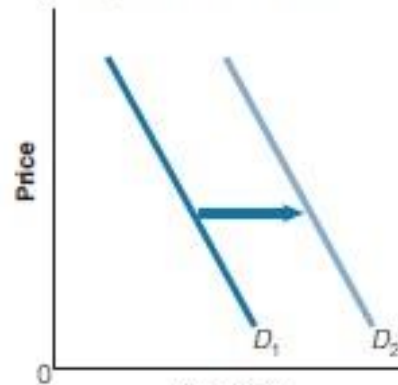
Price of complement falls
or price of substitute rises



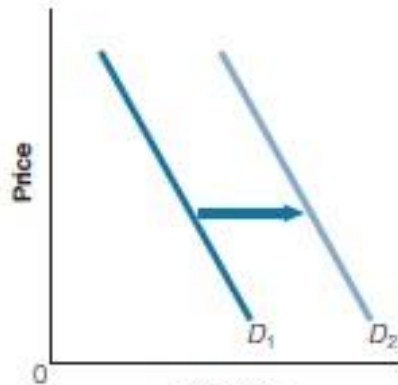
Income increases (normal good)



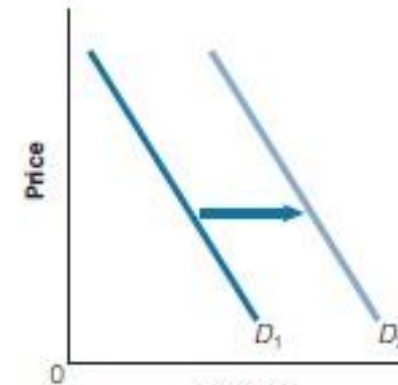
Income increases (inferior good)



Increase in the number of
buyers in the market



Taste change in favor of the good



Future price increase expected

increase in the number of
buyers in the market

taste change in favor of the good

Aryan Eka Prastya Nugraha

Future price increase expected

Supply

- What is the law of supply?
- n What is an individual supply curve?
 - n What is a market supply curve?

law of supply

- the higher (lower) the price of the good, the greater (smaller) the quantity supplied

$$P \uparrow \Rightarrow Q_f \uparrow \quad \text{and} \quad P \downarrow \Rightarrow Q_s \downarrow$$

section 4.4
exhibit 1

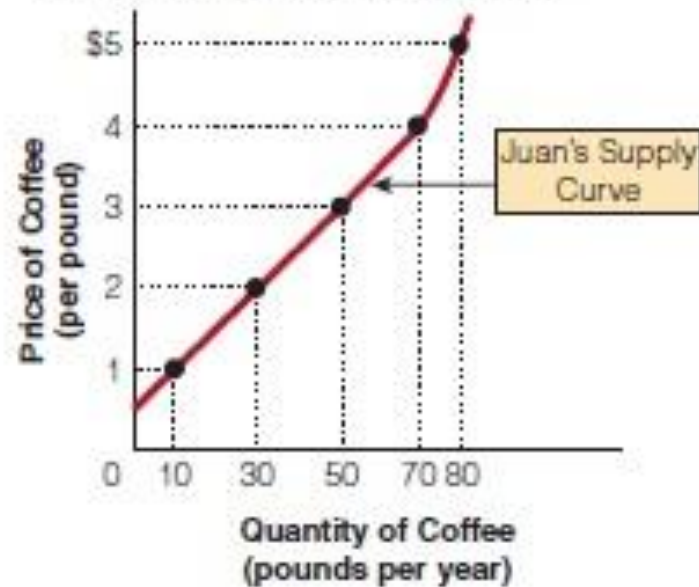
An Individual Supply Curve

a. Juan's Supply Schedule for Coffee

Price (per pound)	Quantity Supplied (pounds per year)
\$5	80
4	70
3	50
2	30
1	10

Other things being equal, the quantity supplied will vary directly with the price of the good. As the price rises (falls), the quantity supplied increases (decreases).

b. Juan's Supply Curve for Coffee



Other things being equal, the quantity supplied will vary directly with the price of the good. As the price rises (falls), the quantity supplied increases (decreases).

(b) Juan's Supply Curve for Coffee

0 10 30 50 70 80

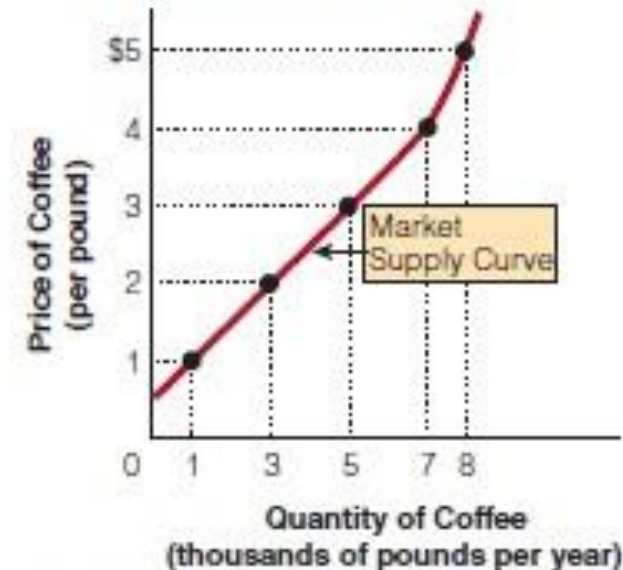
section 4.4
exhibit 2

A Market Supply Curve

a. Market Supply Schedule for Coffee

Price (per pound)	Quantity Supplied (pounds per year)				Market Supply
	Juan	+	Other Producers	=	
\$5	80	+	7,920	=	8,000
4	70	+	6,930	=	7,000
3	50	+	4,950	=	5,000
2	30	+	2,970	=	3,000
1	10	+	990	=	1,000

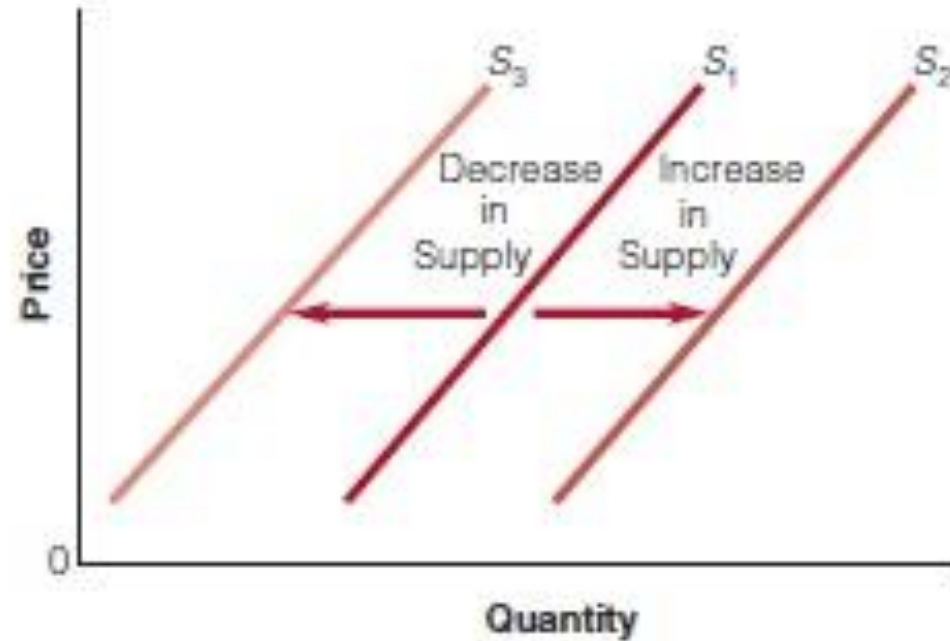
b. Market Supply Curve for Coffee



The dots on this graph indicate different quantities of coffee that producers would be willing and able to supply at various prices. The line connecting those combinations is the market supply curve.

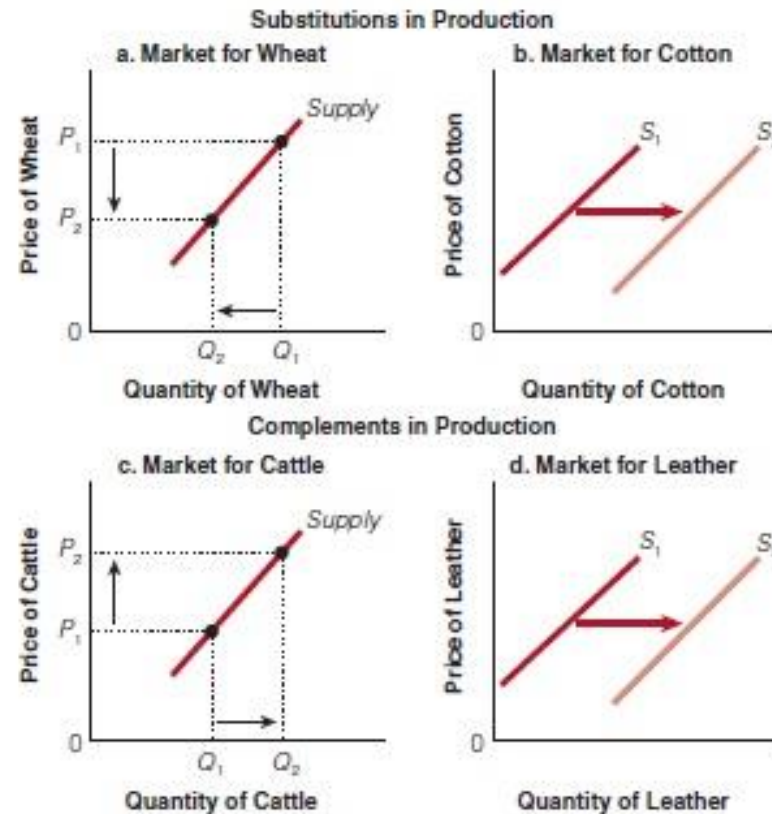
section 4.5
exhibit 1

Supply Shifts



An increase in supply shifts the supply curve to the right. A decrease in supply shifts the supply curve to the left.

Substitutes and Complements in Production



If land can be used for either wheat or cotton, a decrease in the price of wheat causes a decrease in the quantity supplied; a movement down along the supply curve in Exhibit 2(a). This may cause some farmers to shift out of the production of wheat and into the substitute in production—cotton—shifting the cotton supply curve to the right in Exhibit 2(b). If the price of the complement in production increases (cattle), it becomes more profitable and as a result cattle ranchers increase the quantity supplied of beef, moving up the supply curve for beef, as seen in Exhibit 2 (c). When cattle ranchers produce more beef they also produce more leather. Thus, when the price of beef increases, the supply of the related good, leather, shifts to the right, as seen in Exhibit 2(d).

Technology

- Technological change can lower the firm's costs of production through productivity advances. These changes allow the firm to spend less on inputs and produce the same level of output.

Government (Regulation, Taxes, and Subsidies)

- Supply may also change because of changes in the legal and regulatory environment in which firms operate. Government regulations can influence the costs of production to a firm, leading to cost-induced supply changes similar to those just discussed.

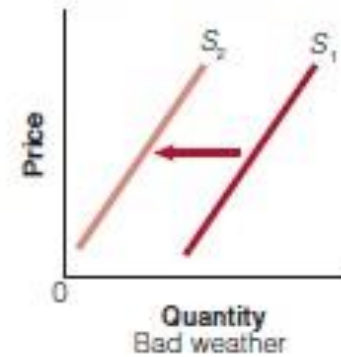
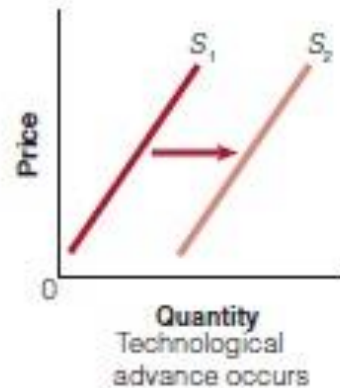
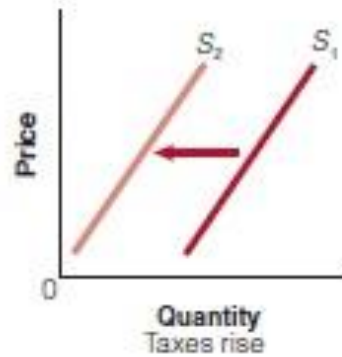
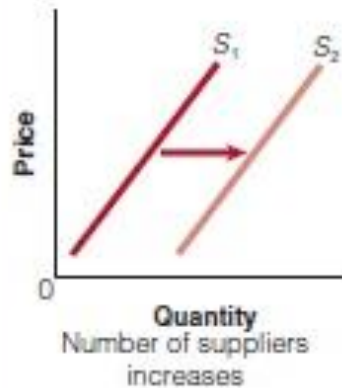
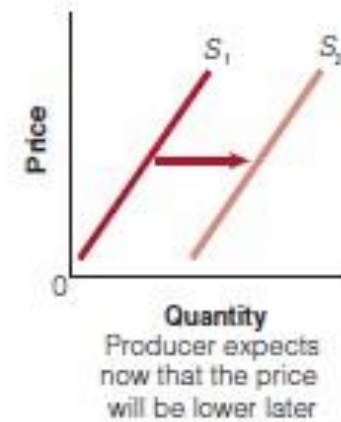
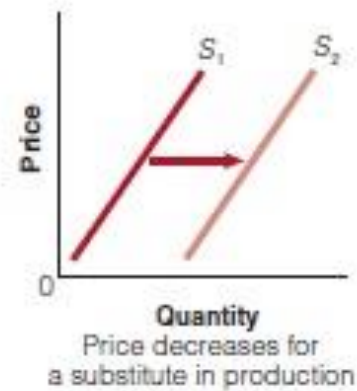
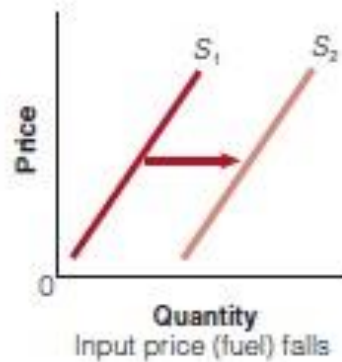
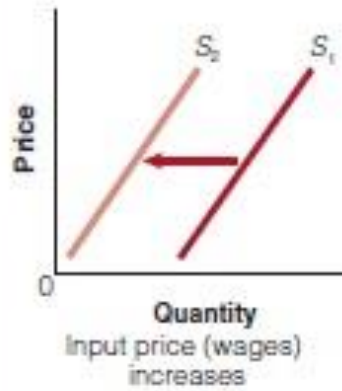
Weather

- In addition, weather can sometimes dramatically affect the supply of certain commodities, particularly agricultural products and transportation services. A drought or freezing temperatures will almost certainly cause the supply curves for many crops to shift to the left, while exceptionally good weather can shift a supply curve to the right

Change in Supply Versus Change in Quantity Supplied—Revisited

section 4.5
exhibit 3

Possible Supply Shifts



The following table shows Hillary's demand schedule for Cherry Blossom Makeup. Graph Hillary's demand curve.

Price (dollars per ounce)	Quantity Demanded (ounces per week)
\$15	5 oz.
12	10
9	15
6	20
3	25

The following table shows Cherry Blossom Makeup demand schedules for Hillary's friends, Barbara and Nancy. If Hillary, Barbara, and Nancy constitute the whole market for Cherry Blossom Makeup, complete the market demand schedule and graph the market demand curve.

Price (dollars per ounce)	Quantity Demanded (ounces per week)			Market
	Hillary	Barbara	Nancy	
\$15	5	0	15	
12	10	5	20	
9	15	10	25	
6	20	15	30	
3	25	20	35	

3	52	50	32	
6	50	12	30	
8	12	10	52	

The following table shows the supply schedule for Rolling Rock Oil Co. Plot Rolling Rock's supply curve on a graph.

Price (dollars per barrel)	Quantity Supplied (barrels per month)
\$5	10,000
10	15,000
15	20,000
20	25,000
25	30,000

32

30,000

30

32,000

The following table shows the supply schedules for Rolling Rock and two other petroleum companies. Armadillo Oil and Pecos Petroleum. Assuming these three companies make up the entire supply side of the oil market, complete the market supply schedule and draw the market supply curve on a graph.

Quantity Supplied (barrels per month)				
Price (dollars per barrel)	Rolling Rock	Armadillo Oil	Pecos Petroleum	Market
\$5	10,000	8,000	2,000	_____
10	15,000	10,000	5,000	_____
15	20,000	12,000	8,000	_____
20	25,000	14,000	11,000	_____
25	30,000	16,000	14,000	_____
30	35,000	18,000	17,000	_____
35	40,000	20,000	20,000	_____
40	45,000	22,000	23,000	_____
45	50,000	24,000	26,000	_____
50	55,000	26,000	29,000	_____
55	60,000	28,000	32,000	_____
60	65,000	30,000	35,000	_____
65	70,000	32,000	38,000	_____
70	75,000	34,000	41,000	_____
75	80,000	36,000	44,000	_____
80	85,000	38,000	47,000	_____
85	90,000	40,000	50,000	_____
90	95,000	42,000	53,000	_____
95	100,000	44,000	56,000	_____
100	105,000	46,000	59,000	_____



REFLEKSI



- 1. Informasi penting hari ini**
- 2. Manfaat penting dari informasi penting hari ini**
- 3. Tindak lanjut yang dapat saudara lakukan**



Thank you!
Any questions?