

Subject: Economics

Topic: Demand and Supply

Level: S.4-S,5

Background information:

The students' academic performance is not good and their proficiency in English ranges from poor to medium. The majority of them are not able to use or have no confidence in using their own words to explain ideas. Therefore, language support and answering techniques are essential to them.

Learning objectives:

1. Content:

The activities package that I have prepared here consist of two sets of worksheets for items 8 and 10 from the lesson plan. These are related to:

- (i) market equilibrium and market disequilibrium and
- (ii) factors affecting demand.

It is assumed that students have the basic ideas about demand and supply for both individual and market. They should be familiar with short forms like:

"D" represents "Demand",
"S" represents "Supply",
"Qd" represents "Quantity Demanded"
"Qs" represents "Quantity Supplied"
"P" represents "Price"
"Q" represents "Quantity" etc.

In worksheet 1 the demand and supply curves are put together, so students can see the whole picture of a market. After the lesson, students can more easily understand the reason why market prices are always constant for the majority of goods and services and under what circumstances market price may tend to change. These concepts are very important to the students as more complicated situations will be evaluated at the end of the whole chapter, although this will not be covered in this set of material.

2. Language:

Transferring information from texts to graphic organizers using appropriate language such as:

Definitions

Marketing equilibrium refers to a state when the market quantity demanded (Qd) equals the market quantity supplied (Qs) (i.e.Q0), and there is no tendency for the price and quality transacted to change.

Cause and Effect

When the market price (P_1) is lower than the market equilibrium price (P_0), the quantity demanded (Q_d) exceeds the quantity supplied (Q_s), which will lead to excess demand.

When excess demand occurs, the price tends to rise until the price reaches the equilibrium price level (P_0) and so the quantity demanded equals the quantity supplied.

Problem - Solution

When the price is \$ 25 the quantity demanded is 30 cups/day and the quantity supplied is 30 cups/day, i.e. $Q_d > Q_s$, excess demand occurs.

In order to absorb the excess demand the price should be decreased to \$20 then the quantity demanded will equal/ be equal to the quantity supplied.

After lessons 3 and 4 students should be able to transform their knowledge of Demand and Supply from graphic form to text and vice versa. This transformation of knowledge is very important for students as they are required to attempt a number of questions in the public examination from this unit. This kind of information transfer is the basic answering technique since in the public examination, it is quite common to ask the students to explain or illustrate their answers by both text and graphic formats.

Worksheet 2 is designed for students to understand the factors that can change demand and thus the market price and quantity transacted. Different cases are given to students to test their understanding and ability to apply the knowledge to real life cases. This worksheet is purposely designed to allow students practice in using suitable sentence patterns to answer questions, so that they can develop more confidence in answering similar questions in the future.

This activity was produced/ adapted by Miss Ho Sau Yin Zareenah from Islamic Kasim Tuet Memorial College

S.4 Economics
Demand and Supply
Worksheet 1 (with answers)

Name: _____ No.: _____ Class: _____ Date: _____

Activity 1

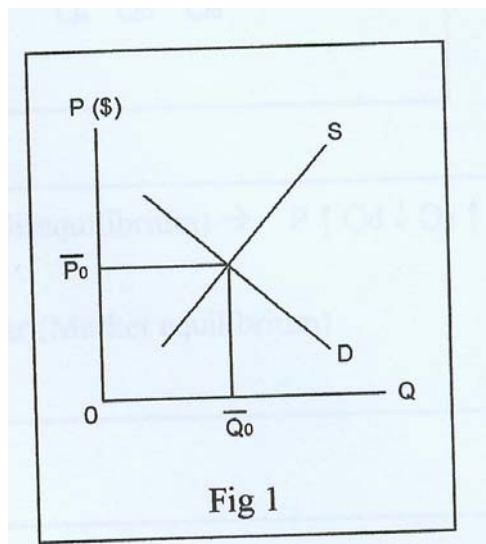
A. Marketing equilibrium

Fill in the blanks with reference to Fig 1 and the following words:

Price/ market quantity demanded (Q_d) / market quantity supplied (Q_s) / quantity transacted

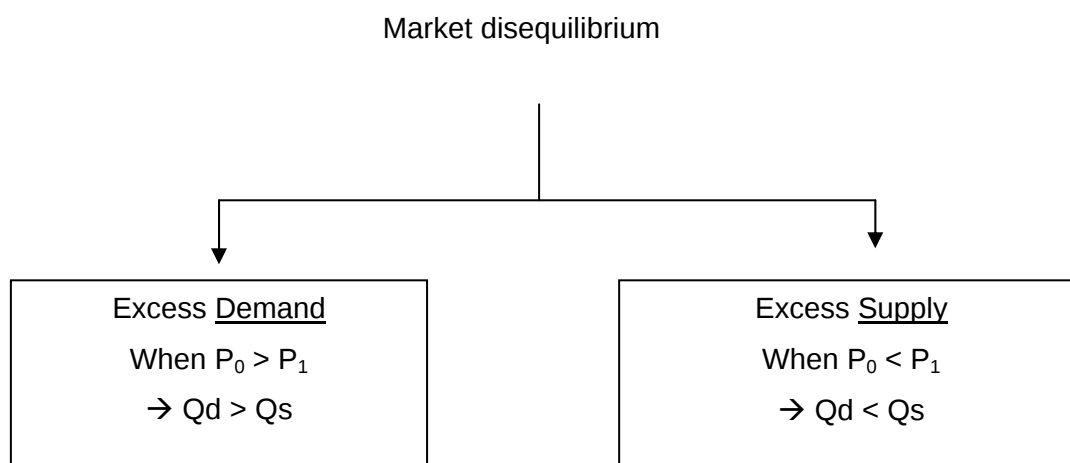
Marketing equilibrium refers to a state when the market quantity demanded (Q_d) equals the market quantity supplied (Q_s)

(i.e. Q_0), and there is no tendency for the price and quantity transacted to change.



B. Market Disequilibrium

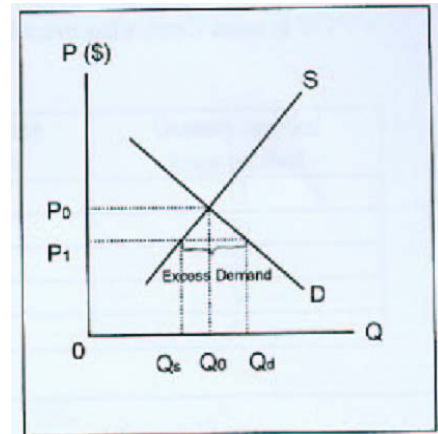
Market disequilibrium can be classified as follows:



1. Excess Demand

When the market price (P_1) is lower than the market equilibrium price (P_0), the quantity demanded (Q_d) exceeds the quantity supplied (Q_s), which will lead to excess demand.

When excess demand occurs, the price tends to rise until the price reaches the equilibrium price level (P_0) and so the quantity demanded equals the quantity supplied.

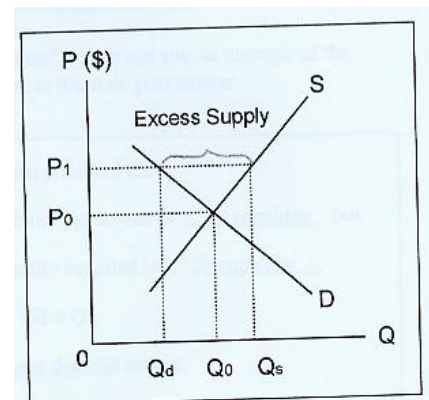


When $P < P_0 \rightarrow Q_d > Q_s \rightarrow$ Excess Demand (Market Disequilibrium) $\rightarrow P \uparrow \quad Q_d \downarrow \quad Q_s \uparrow$
Until $P = P_0 \rightarrow Q_d = Q_s = Q_0 \rightarrow$ Excess Demand disappear (Market equilibrium)

1. Excess Supply

When the market price (P_1) is higher than the Market equilibrium price (P_0), the quantity supplied (Q_s) exceeds the market quantity demand (Q_d), which will lead to excess demand.

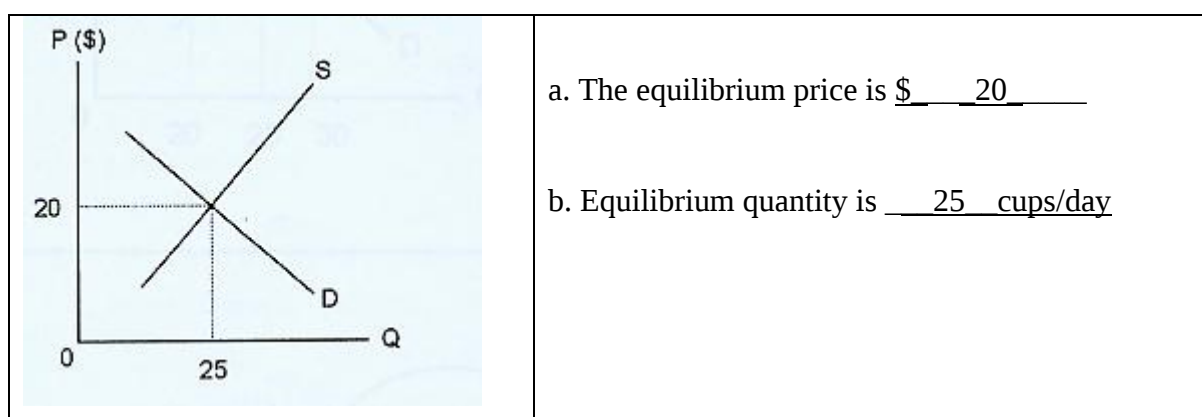
When excess supply occurs, the price tends to decrease until the price reaches the, equilibrium price level (P_0) and so the quantity demanded equals the quantity supplied.



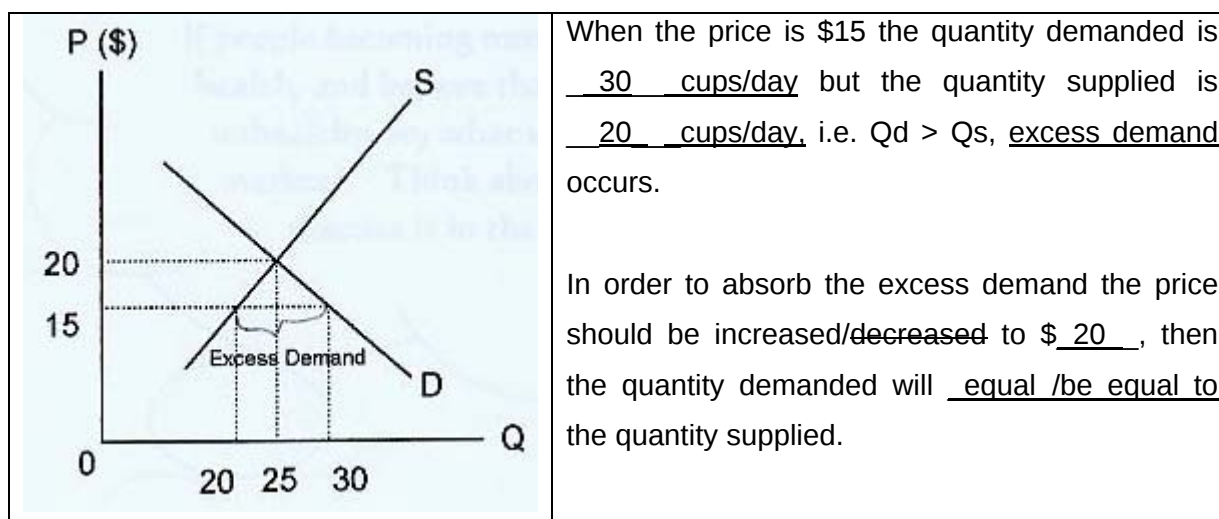
When $P > P_0 \rightarrow Q_d < Q_s \rightarrow$ Excess Supply (Market Disequilibrium) $\rightarrow P \downarrow \quad Q_d \uparrow \quad Q_s \downarrow$
Until $P = P_0 \rightarrow Q_d = Q_s = Q_0 \rightarrow$ Excess Supply disappear (Market equilibrium)

(a) Using the information below draw a demand curve and a supply curve of **TCPY** an ice cream company.

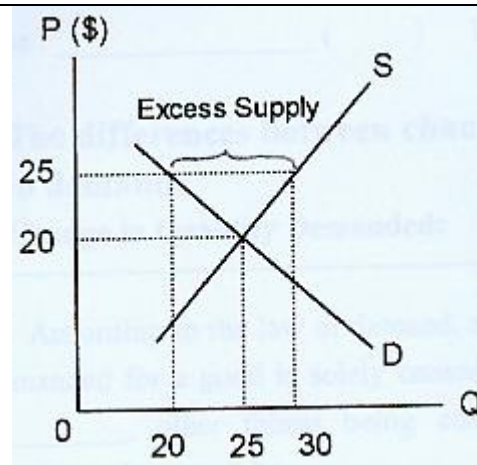
Price per cup (\$)	Quantity demanded (cups per day)	Quantity supplied (cups per day)
10	45	15
15	30	20
20	25	25
25	20	30
30	15	45



b. At the price \$15, what economic phenomenon occurs? How can you, as manager of the company, solve the problem? Please draw a diagram to illustrate your answer.

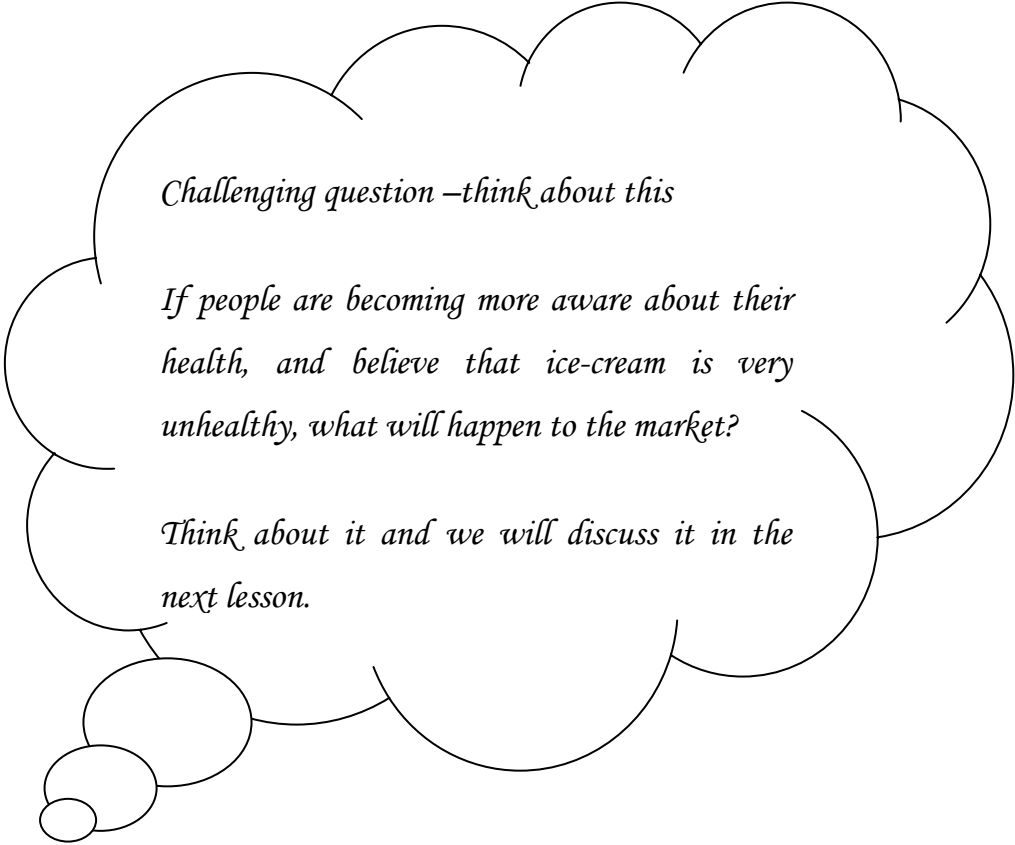


c. At price \$25, what economic phenomenon occurs? How can you, as manager of the company, can solve the problem? Please draw a diagram to illustrate your answer.



When the price is \$ 25 the quantity demanded is 30 cups/day and the quantity supplied is 30 cups/day, i.e. $Q_d > Q_s$, excess demand occurs.

In order to absorb the excess demand the price should be decreased to \$ _20_ , then the quantity demanded will equal/ be equal to the quantity supplied.



Challenging question –think about this

If people are becoming more aware about their health, and believe that ice-cream is very unhealthy, what will happen to the market?

Think about it and we will discuss it in the next lesson.