

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. $Q_D = Q_S$), 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.

S.4 Economics
Demand and Supply
Worksheet 2 (with answers)

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

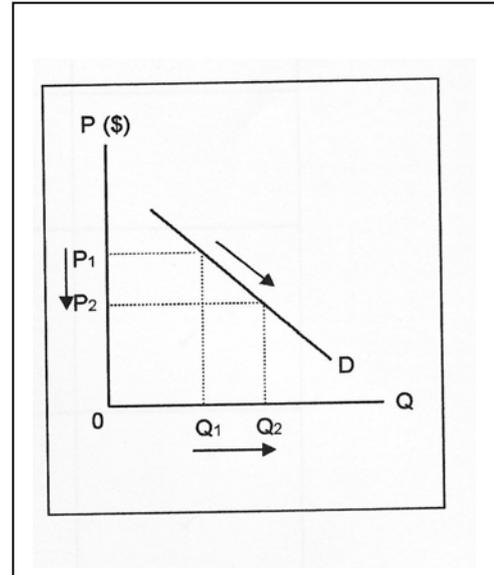
Activity 1

A. Differences between a change in the quantity demanded and a change in demand

1. Change in Quantity Demanded:

According to the law of demand, a change in quantity demanded for a good is solely caused by a change in its price, other things being constant. It does not involve a change of the entire plan of purchase.

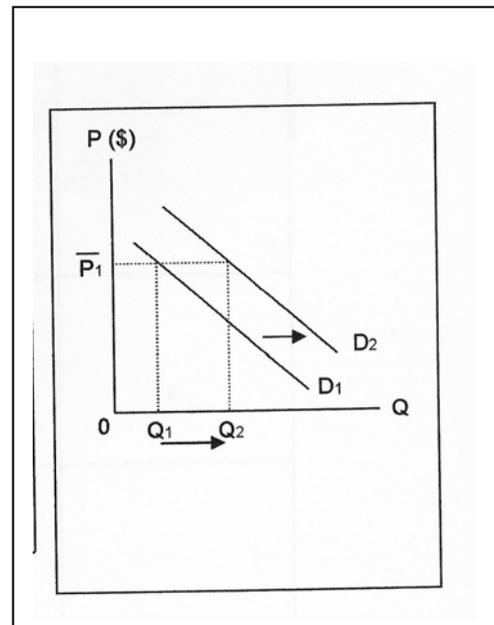
It is represented by a movement of one cell to another in the same demand schedule or by an upward or downward movement from one point to another along the same demand curve.



2. Change in Demand:

A change in Demand refers to a change in quantity demanded for a good or service at every price. It involves a change of the entire plan of purchase caused by all factors other than its price.

It is represented by the replacement of the original demanded schedule by a new one or by a rightward or leftward shift of the entire demand curve.



Activity 2

Thinking focus

Think about the following cases and put “✓” in the relevant column to show which category they belong to.

Case	Change in Qd	Change in D
1. People are becoming more aware about their healthy and believe that ice cream is very unhealthy to them.		✓
2. The price of Nike sports shoes increase.	✓	
3. The technique for producing mobile phone is improving/ which causes a price reduction.		✓
4. The price for DVD player is decreasing. How will this affect the market for VCD players?		✓
5. Due to keen competition among the internet service providers/ NOW.com has exempted the installation fees for consumers.	✓	
6. Summer comes early this year. What will happen to the air conditioner market?		✓
7. The price of paper is increasing due to a shortage of wood. How will consumers react?	✓	

Activity 3

B. What are the factors affecting demand?

Please complete the following table by using arrows “↑” or “↓” to indicate the increase or decrease in demand respectively caused by different factors. The first one is given as an example.

	Factors	Change in factor	Effect on demand for the good
1.	Prices of substitutes	P ↑ P ↓	↑ ↓
2.	Prices of complements	P ↓ P ↑	↓ ↑
3.	Consumers' income	Income ↑ Income ↓	↑ ↓
4.	Consumers' price expectations	Expected price ↑ Expected price ↓	↑ ↓
5.	Consumers' preferences and tastes	Extent ↑ Extent ↓	↑ ↓
6.	Population size and structure	Size ↑ Size ↓	↑ ↓
7.	other factors such as weather, festivals	Demand ↑ Demand ↓	↑ ↓

Now, write 4 sentences to describe any 4 of the above factors and their effect on demand. An example is given as follows:

e.g. When the price of one's substitute increase, the demand for it will increase, resulting in a upward shift in its demand curve.

1. _____

2. _____

3. _____

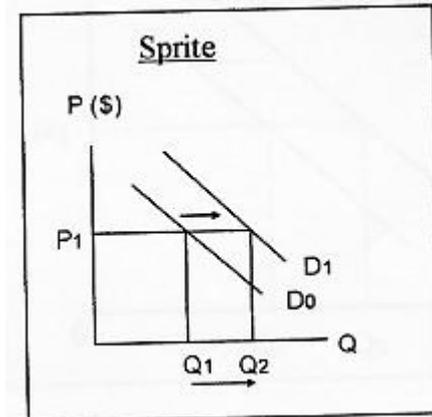
4. _____

Activity 4

Case study

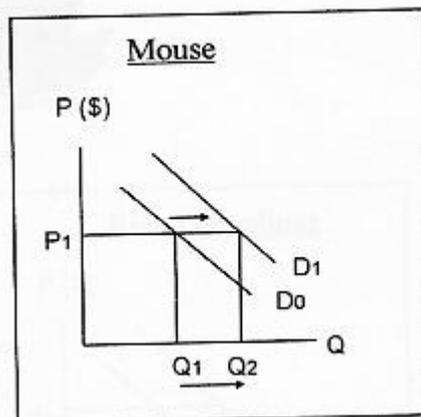
1. When the price of 7-up increases, how will it affect the demand for Sprite? Please draw a diagram to illustrate your answer.

Since 7-up and sprite are substitutes, when the price of 7-up increases, the quantity demanded for 7-up decreases. However, in order to satisfy the same want, consumers will switch to buy more Sprite. This causes an increase in the demand for Sprite, resulting in a downward shift in the demand curve from D_0 to D_1 , and the quantity demanded for Sprite increases from Q_0 to Q_1 .



2. When the price of computers decrease, how will it affect the demand for mouse? Please draw a diagram to illustrate your answer.

Since the computer and mouse are complements, when the price of computers decrease, the quantity demanded for computer increases. At the same time, the demand for mouse will also increase, other things constant. This causes an increase in the demand for mouse, resulting in a downward shift in the demand curve from D_0 to D_1 , and the quantity demanded for mouse increases from Q_1 to Q_2 .



3. When bird flu is found, how will it affect the demand for chicken? Please draw a diagram to illustrate your answer.

When bird flu is found, since it can affect the health of the consumers, therefore, demand for chicken will decrease, resulting in a downward shift in the demand curve from D_0 to D_1 , and the quantity demanded for chicken decreases from Q_0 to Q_1 .

4. The Dragon Boat Festival is coming. How will it affect the demand for rice dumplings? Please draw a diagram to illustrate your answer.

During the Dragon Boat festival, the demand for rice dumplings increases, resulting in an upward shift in the demand curve from D_0 to D_1 , and the quantity demanded for rice dumpling increases from Q_1 to Q_2 .

