

Worksheet 5C

**Exercise 1: Identifying the determinants of demand.** In worksheet 5B, you have seen how an increase in demand is depicted on a graph by a shift in the demand curve.

- When the demand curve shifts upward and to the right, this is indicative of an increase in demand.
- When the demand curve shifts to the left, this is indicative of a decrease in demand.
- Factors that result in a change in demand are the determinants of demand.

Working as a part of a team of three or four, complete the table below. For each determinant of demand:

- indicate whether demand will increase or decrease;
- provide an explanation as to why.

Determinant of demand	Demand increases or decreases?	Explanation
Population increases	↑	
Population decreases	↓	
Increase in most peoples' income	↑	
Decrease in most peoples' income	↓	
Price of substitute increases	↑	
Price of substitute decreases	↓	
Price of complementary good increases	↓	
Price of complimentary good decreases	↑	
Product becomes a popular fad (change in taste of buyers)	↑	
Product now out of fashion (change in taste of buyers)	↓	
There is an expectation that the price of the product will soon fall	↓	
There is a fear that the economy will go into a recession where many firms will fail and unemployment will increase	↓	

**Movement along the curve or a shift in the demand curve?** Complete the table below by indicating whether each scenario results in a change in the quantity demanded (movement along