

**SYLLABUS REFERENCE 1.1
DEMAND FUNCTION**

Webnote 103
Syllabus: 1-6. (HL item 6)

What factors cause changes to the Demand curve?

Section 1.1 Markets

The BIG ideas!

Big Idea 3

Supply+Demand = Market. Shifts and Movements allocate scarce resources on the X axis and price sends signals and non price determinants also result in allocation changes on the X axis.

Webnote 110
Please do not print this webnote. Class notes are available on [webnotes](#) in section 1 of website

Price of X

Quantity of X

What possible changes need to take place for a market to adjust from e-10 to e-9?

[Webnote 110: Big Ideas for 1.1](#)

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What factors cause changes to the Demand curve?

Demand Function
 $Q_d \text{ of } X = f \text{ of } P_x, P_s, P_c, Y, \text{Taste, Population, Advertising, etc}$

P_s

1. Movement in demand
 is a movement along the curve and is only caused by a price change see ab below

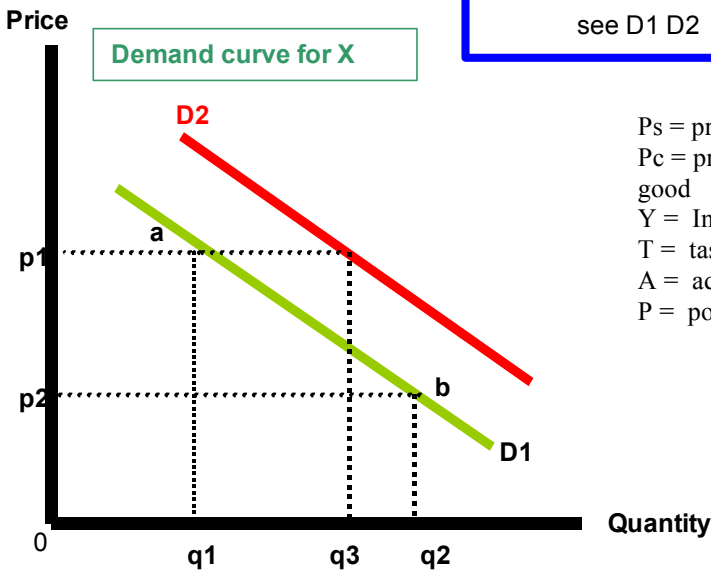
P_c

PRICE OF X CHANGES

Y

2. Shift in Demand
 results in a new demand curve see D1 D2

T



A

P_s = price of substitute good
 P_c = price of complementary good
 Y = Income of consumer
 T = tastes (change over time)
 A = advertising, fashion, trends.
 P = population

P
 ETC