Kinds of demand:-

1- Joint or complementary demand:

If a commodity is a complementary to another commodity .the demand for the first one cause a demand for the second commodity.

e.g: tea and sugar, petrol and cars…..etc.

The change in the demand for the first commodity will bring the same percentage change in the demand for the second one .

2-Derived demand :demand can be derived one when it is a direct result for the demand on the other commodities .

e.g : the demand for the factors of production (Lend ,labor, and capital).wools and cottons and the textile industries.

3-Composite demand :

The demand or use the same commodity for more than one purpose.

Steel is used in the car manufacturing ,Ship building, bridges construction..etc

16/3/2011

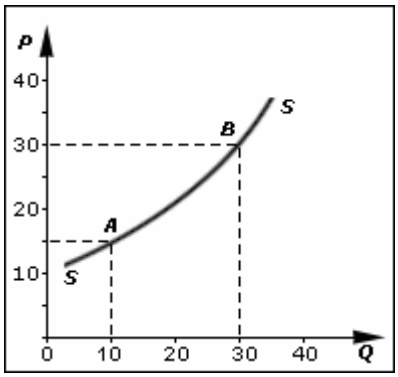
-Supply theory :

Supply a term refers to the amount of a commodity the producers (or sellers) are ready and willing to supply in a given period of time and a set of different prices.

a/ Supply curve;- A graphic representation showing the quantities of a commodity the producers (or sellers) are willing to produce (or sell) in a given period of time and various prices with the assumption that everything affecting supply (except the price of that commodity) remains constant.

b/Factors affecting supply: supply of any good is affected by five factors : The Supply Curve

The **supply curve** shows the quantity supplied of a given product at varying price points, holding all else constant. Here's a graph of the supply curve.



You'll notice that the *x*-axis is labeled 'Q', and the *y*-axis is labeled 'P.' Those stand for **quantity** and **price**. Just like we saw earlier, when the price of a good goes up, the supply does as well. Each producer has his or her own supply curve for a given product, which can vary from one producer to another. The exact curve depends on production costs and other variables.

Let's look at an example. Imagine two wineries in the Paso Robles region: Paso Winery and Robles Winery. Paso Winery may be willing to supply 20 bottles of their wine if the market price were $10 per bottle but willing to supply 100 bottles if the price were $50 per bottle. Robles Winery may only be willing to supply 5 bottles if the price were $20 each and 50 bottles at a price of $50 each.

The summation of the two individual supply curves creates a **market supply curve**, with red wine ranging from $10 a bottle up to $50 a bottle. The two individual supply curves differ because the wineries are willing and able to supply red wine at different prices. This may be due to varying **input costs**. Those are the costs associated with producing the wine, such as the variety of grape being used, labor costs, or technique of fermenting the grapes.

1-The price of supplied good(p).
2-The price of other substitutes (p_1)
3-The prices of the factors of production(F).

4-The goals of the producers or sellers(G).
5 –The technology used(T).

Hence, Supply function is written as follows

S= f(P,P1,F,G,T).

-. What determines the market prices:-

In the free-enterprise economy, the prices of the goods and services and the prices of the factors of production are determined by the demanded for and the supply of these goods and the factors of production.

. Equilibrium:- Is the market condition where the quantity of the commodity that the consumers are willing and able to purchase equals the quantity the producers or sellers are willing to supply.
Geometrically the equilibrium price occurs at the point where the demand curve intersects at the supply curve.

13/4/2011
CH3/ The theory of consumer Equilibrium :

As we said before ,utility means the proper of a commodity that enable it to satisfy a human want.
We should know that;
a/ Utility is a subjective matter .Cigarettes are useful and give utility to the smokers, but they are not to the others.

b/Utility increases according to the degree of necessary ,and the quantity we consume of the good in a given time.

c/Total Utility : The sum of utilities the person gets from consuming the units of the consumed commodity.

$T.U = U_1+U_2+U_3+\ldots\ldots..+U_n$.

d/Marginal Utility :It refers to the change in total utility as an individual consumer has additional unit of the commodity M.U is the difference between the utility of the previous unit and the following unit of commodity