

Hello ladies and gentleman. This is your Professor Sam DiGiammarino. Today we're going to be talking about supply and demand, and the good the bad and the ugly about supply and demand. Okay, let's begin with some graphing basics. We always start off an economics graph with the dollars on the vertical axis going up and down. We always start off with 0 at the bottom, and as we progress up the graph we go from a lower price to a higher price. Now, on the horizontal axis across the bottom, we put the quantity that we're going to be talking about how many of whatever the thing is, starting off with 0 at the left, and progressing from a few, to a lot, as we move to the right. Okay, let's go ahead and construct the demand curve. To begin we need some data to work with, so in the upper right hand corner we're going to have some data that's been collected. We're going to be dealing with coffee beans and at \$9 a pound we'll find that there is a demand for 1,000,000 pounds of coffee. At \$7 a pound for coffee beans, there's a demand for 3,000,000 pounds. At \$5 a pound at 5,000,000 pounds, at \$3 a pound 7,000,000 pounds, at a dollar a pound 9,000,000 pounds will be demanded. Now we can plot those points, by adding our dollars on the vertical axis and our quantity across the horizontal axis. Now we begin plotting the points and at \$9 we plot where 1,000,000 pounds would be. At \$7 we plot where the 3,000,000 would be, at \$5 a pound we plot where the 5,000,000 would be, and so forth. We end up with a series of dots plotted on our graph. We can connect those dots with a curve. In this case, the curve is actually going to be a straight line because our data fits a straight line. And it makes explaining the graph a lot easier, remember every time you see a straight line on this particular display that we are going to be talking about a demand curve. I will label our curve with "D1", and "D1" at both the top and at the bottom. The "D" stands for demand, the 1 stands for the first demand curve that we are discussing in this particular analysis. And, you notice that the demand curve does slope down and to the right. We're gonna explore further in part 2 a little bit more information about the demand curve. Thank you.