ECON Week 2 Forum Directions

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1. Provide examples of a variable that affect the supply curve and a variable that affects the demand curve.

Multiple variables can affect the supply curve, some may directly affect the curve, and some may affect indirectly. For instance, changes in production costs, improvements in technology, size of the market, expectations, time etc. can entirely change the supply curve from left to right or right to left causing high or low supply (Cooke, 2014). One variable that usually results in a change in the supply curve is input prices. Input prices are the costs of raw material that are used in the production of any product. With the increase or decrease in raw material prices will result in a change of curve to the right or the left.

Likewise supply, the demand curve is also dependent on multiple variables such as income level of population, substitute availability, prices etc. The demand curve is the correlation among the price of a product and the price that customers are willing to pay for it. An example of a variable that affects the demand curve is the public expectation of price related to a specific product. If the consumers are expecting a price hike in the near future then it is likely that they will purchase the product sooner resulting in an increase in demand and change in demand curve, similarly, if consumers expect the price to fall then they will most probably wait and not buy the product affecting the demand curve (Supply And Demand, 2011).

2. Think of a product or service that use in your everyday life or workplace. Describe how the supply or demand of this product might be changed.

Transport service is used every day by the majority of people around the globe, especially those who are on jobs. If petrol or fuel prices increases then it is expected that transportation service charges will increase which might result in more people using bicycles and thus the demand for service will be affected. On the other hand, the supply of transportation service will increase if more people start using the transportation service because it provides cheap transportational services.

**References**

Cooke, J. A. (2014). Protean supply chains: ten dynamics of supply and demand alignment. John Wiley & Sons.

Supply And Demand. (2011). A&C Black. Retrieved from http://search.credoreference.com/content/entry/ultimatebusiness/supply\_and\_demand/0