



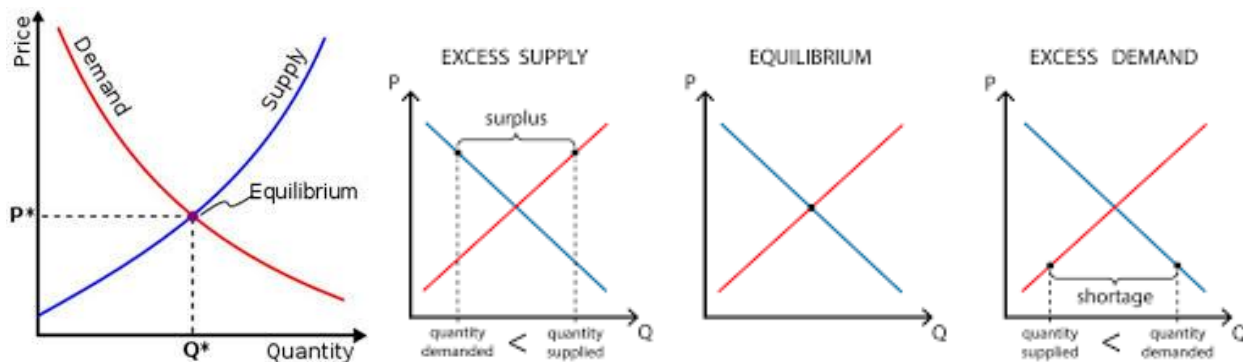
AP Economics – Microeconomics

Unit 2 – Supply and Demand

Unit Objectives:

By the end of this unit, you will be able to:

1. Calculate (using a table or graph when appropriate) how a rational consumer's decision making involves the use of marginal benefits and costs by allocating their limited income to purchasing the combination of goods that maximizes their utility of the last dollar spent on each good.
2. Define (using graphs as appropriate) key terms and factors related to consumer decision making and the law of demand.
3. Explain (using graphs as appropriate) the relationship between price and quantity demanded and how buyers respond to incentives and constraints.
4. Explain (using graphs as appropriate) buyers' responses to changes in incentives and constraints.
5. Define (using graphs as appropriate) the law of supply.
6. Explain (using graphs as appropriate) the relationship between price and quantity supplied.
7. Explain (using graphs as appropriate) producers' (sellers') responses to changes in incentives and technology.
8. Define measures of elasticity:
 - a. Price elasticity of demand
 - b. Price elasticity of supply
 - c. Income elasticity of demand
 - d. Cross-price elasticity of demand
9. Explain (using graphs where appropriate) measures of elasticity and the impact of a given price change on total revenue or total expenditure.
10. Calculate (using data from a graph or a table as appropriate) measures of elasticity.
11. Define (using graphs as appropriate) market equilibrium, consumer surplus, producer surplus.
12. Explain (using graphs as appropriate) how equilibrium price, quantity, consumer surplus, and producer surplus for a good or service are determined.
13. Calculate (using data from a graph or table as appropriate) areas of consumer and producer surplus at equilibrium.
14. Define a surplus and shortage.
15. Explain (using graphs where appropriate) how changes in underlying conditions and shocks to a competitive market can alter price, quantity, consumer surplus, and producer surplus.
16. Calculate (using data from a graph or table as appropriate) changes in price, quantity, consumer surplus, and producer surplus in response to changes in market conditions or market equilibrium.
17. Define forms of government price and quantity intervention.
18. Explain (using graphs where appropriate) how government policies alter consumer and producer behaviors that influence incentives and, therefore, affect outcomes.
19. Calculate (using data from a graph or table as appropriate) changes in market outcomes resulting from government policies.
20. Define tariffs and quotas.
21. Explain (using graphs where appropriate) how markets are affected by public policy related to international trade.
22. Calculate (using data from a graph or table as appropriate) changes in market outcomes resulting from public policy related to international trade.



Microeconomics					
Unit 2: Supply and Demand					
	Day 1	Day 2	Day 3	Day 4	Day 5
	A-Day – Tues 9/17 B-Day – Wed 9/18	A-Day – Thurs 9/19 B-Day - Fri 9/20	A-Day – Mon 9/23 B-Day – Tues 9/24	A-Day – Wed 9/25 B-Day – Thurs 9/26	A-Day – Fri 9/27 B-Day – Mon 9/30
Topic:	Consumer Behavior	Demand	Supply	Elasticity	Elasticity
Class Activity:	Review Unit 1 Exam Lecture: Maximizing Utility Problem Sets: Maximizing Utility	Ch 7 Quiz Lecture: Law of Demand and the Demand Curve Activity: Changes to Demand (Demand Shifters)	Lecture: Law of Supply and the Supply Curve Activity: Changes to Supply (Supply Shifters)	Ch 3 Quiz Lecture: Elasticity Activity: Computing Elasticity	Review Activity: Types of Elasticities
Homework:	Read Ch 7 – Consumer Behavior	Read Ch 3: Demand, Supply, and Market Equilibrium pp 16-21 (stop at Market Equilibrium heading)	Read Ch 3: Demand, Supply, and Market Equilibrium pp 16-21 (stop at Market Equilibrium heading)	Read Ch 6: Elasticity, Consumer Surplus, and Producer Surplus Read Anderson Ch 4	Read Ch 6: Elasticity, Consumer Surplus, and Producer Surplus Read Anderson Ch 4
Due On:	A-Day – Thurs 9/19 B-Day – Fri 9/20	A-Day – Wed 9/25 B-Day – Thurs 9/26	A-Day – Tues 9/25 B-Day – Wed 9/26	A-Day – Thurs 10/03 B-Day – Fri 10/04	A-Day – Thurs 10/03 B-Day – Fri 10/04

Price Elasticity of Demand = % change of Quantity Demanded ÷ % change in Price

$E_d > 1$, then demand is elastic

$E_d < 1$, then demand is inelastic

$E_d = 1$, then demand is unit elastic

Income Elasticity of Demand = % change in Quantity Demanded ÷ % change in Income

Income E_d = a negative number, then the good is an inferior good

Income E_d = a positive number, then the good is a normal good

Cross-Price Elasticity of Demand = % change in Quantity Demanded of Good X ÷ % change in Price of Good Y

Cross Price E_d = a negative number, then Good X and Good Y are compliments

Cross Price E_d = a positive number, then Good X and Good Y are substitutes

Microeconomics					
Unit 2: Supply and Demand					
	Day 6	Day 7	Day 8	Day 9	Day 10
	A-Day – Tues 10/01 B-Day – Wed 10/02	A-Day – Thurs 10/03 B-Day – Fri 10/04	A-Day – Mon 10/07 B-Day – Tues 10/08	A-Day – Wed 10/09 B-Day – Thurs 10/10	A-Day – Fri 10/11 B-Day – Tues 10/15
Topic:	Market Equilibrium and Consumer/ Producer Surplus	Market Disequilibrium and Changes in Equilibrium	The Effects of Government Intervention in Markets	International Trade and Public Policy	Exam Review
Class Activity:	Lecture: Market Equilibrium and Consumer and Producer Surplus Activity: Calculating Consumer and Producer Surplus	Ch 6 and Anderson Ch 4 Quiz Activity: Calculating Consumer and Producer Surplus, Shortages, and Surpluses	Lecture: Causes and Effects of Government Intervention in the Economy Activity: Measuring the effects of price floors and price ceilings	Ch 3 (pp. 21 to 25) Quiz Lecture: International Trade and Public Policy	Review for the Unit 2 Exam
Homework:	Read Ch 6: Elasticity, Consumer Surplus, and Producer Surplus Read Anderson Ch 4	Read Ch 3 (pp. 21 to 25)	Read Ch 3 (pp. 21 to 25)	Study for Unit 2 Exam	Study for Unit 2 Exam
Due On:	A-Day – Thurs 10/03 B-Day – Fri 10/04	A-Day – Wed 10/09 B-Day – Thurs 10/10	A-Day – Wed 10/09 B-Day – Thurs 10/10	A-Day – Fri 10/18 B-Day – Mon 10/21	A-Day – Fri 10/18 B-Day – Mon 10/21

	Day 11	Day 12	Day 13
	A-Day – Wed 10/16 B-Day – Thurs 10/17	A-Day – Fri 10/18 B-Day – Mon 10/21	A-Day – Tues 10/22 B-Day – Wed 10/23
Topic:	PSAT Day (A-Day) Movie Day (B-Day)	Unit 2 Exam - MCQs	Unit 2 Exam - FRQs
Class Activity:	Learning is Fun!!	MCQ portion of the Unit 2 Exam Review for FRQs	FRQ portion of the Unit 2 Exam Review MCQ portion
Homework:			
Due On:	A-Day – Wed 10/3 B-Day – Thurs 10/4	A-Day – Wed 10/3 B-Day – Thurs 10/4	A-Day – Fri 10/5 B-Day – Tues 10/9