

HW#5 Due Feb 3, 2022

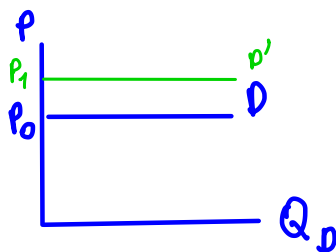
1) How the demand increases in each of these extreme cases

A) Demand is horizontal

B) Demand is vertical

2) If individual demands of two consumers are horizontal but at different prices, what will be the market demand derived from these two consumers?

① a.) when demand is horizontal

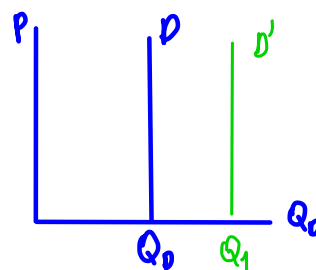


P_0 is the price that all the product will be sell as much as it is available at Price P_0

If the demand increase to P_1 that's mean the demand curve is shift up to D' consumer is ok that the price of this product is increased from $P_0 \rightarrow P_1$

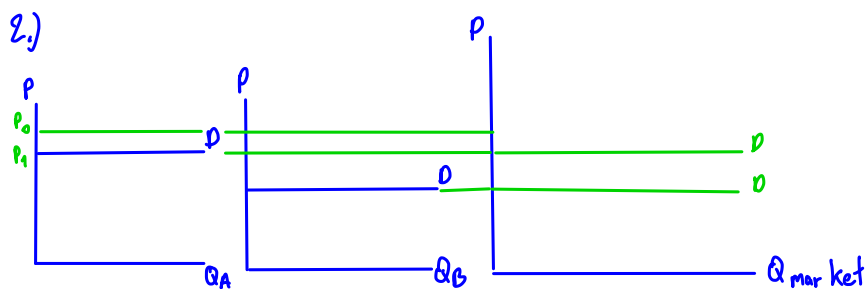
Price can increase from trend or the whole market is increased too. And all the consumer accept it.

b) when demand is vertical



When demand is horizontal it means in this product people are able to buy this product at any price below P_{max}

The demand curved will increase from $D \rightarrow D'$ when the given product must be purchased in pair of 4 and it is necessary not to buy just a single one.



there will be 2 demand curved in demand market