Scarcity , choice and opportunity cost

Scarcity : Scarcity defined as an economic problem of having limited resources to meet unlimited wants and needs.Scarcity forces the households and government to make choices.
Example: Youssef is a university student who has only 2000 Da , and he wants to buy : Abook , A new T-shirt , Apair of shoes .
Youssef cannot buy everything because the money he has is limited , So he has to make a decision (choise) and buy one thing .

Economic choice and desicion making :It refers to the process of selecting and choosing the best alternative among different options because of finite resources .It is carried out by people , businesses and also governments.The first step to make an economic choice is to identify the the available choices and compare costs and benefits to finally achieve the objectives.
Example:
Fatima wants to improve her English.
She has two options and must decide what to do:
-Attend English class in exchange with money

-Study English alone at home from YouTube channels

Opportunity Cost : Opportunity cost is a cost of either time , effort or opportunity that someone gives up one choice as apposed to another .
Example 01 : If a person let's call him Ahmed .Ahmed is business man who has amount of money and chooses to buy new machines , he gives up the opportunity to use that money to open new shop instead .
Example 02 : if you have two choices : Buy a new clothes or a phone and you choose the phone , then your opportunity cost is the new clothes you could have chosen but you didn't.

Supply , demand and markets

Definition of market : A market is a place that might be either physical or online, where buyers and sellers exchange goods and services.For example, a supermarket is a physical market, while an online shop is a virtual market.The price of goods and services in market are determined by supply and demand(the sellers made supply and the buyers made demand).

Demand : Is the desire and the ability of consumers to buy a product at given price.

Supply: Is the ability and willingness of producers to sell products.

Price: Amount of money paid to a certain product or service.

Quantity : Amount of products and services that consumers are willing and able to purchase or buyers are willing and able to sell.

Market equilibrium: Market equilibrium is defined as the price and quantity at which market supply and market demand for a product are equal .
Supply = demand

*** when demand is higher than supply=shortage =prices may increase**
Example: Imagine a shop selling air-conditionner in summer and the price is 500000 da and seller has 30 air-conditionner but the customers want to buy 100 .In this case ,the price may increase.

*** when supply is greater than demand =surplus=prices may decrease**
Example : Imagine a shop selling jackets and the price of jacket is 5000 da and seller has 100 jacket but customers want to buy only 50 .In this case , the seller reduce the price .

Factors effecting supply and demand:
* **Income** : Men buy more goods when their Income becomes higher .In the other hand , if their income become lesser the demand for goods also diminishes .

* **Preferences**: People with the same income have different demands if they have different preferences .For example if many people start preferring Samsung over Realme , the demand for Samsung phones increases .

* **Population** : The larger population (buyers) , the greater is the demand .

* **Advertising**: More advertisements on products resulted into the increase of demand .

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