**MACRO ECONOMICS**

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**DEPT. OF ECONOMICS**

**PAPER 3**

**TOPIC :- SUPPLY LECTURE SERIES**

**B.A PART2**

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**Definition of Supply**

Supply can be defined as the quantity of a commodity which a producer is willing and able to offer for sale at a particular price and at a particular period of time. The supply of of a commodity is the quantity of that commodity which a producer is willing and able to sell at a given price over a given period of time.

Supply is also said to be the part of the total production actually offered for sale at the ruling market price at a particular time, it is said to be “effective supply”

**Law of Supply**

The law of supply states that all being equal, the higher the price the higher the quantity of of a commodity that will be supplied or the lower the price, the lower the quantity of the commodity that will be supplied.

This law is often regarded as the second law of demand and supply.This law explains that when the price of a commodity is high in the market, more quantity of it will be supplied by the producer and vice versa.

**The law of supply**: states that “as the price of a product rises, the quantity supplied of the product will usually increase, ceteris paribus”(all things been equal)

**Supply Curve**

Supply curve can be defined as the graph showing the relationship between price and quantity of the commodity supplied.

**Supply Schedule**

Supply schedule can be defined as a table showing the relationship between price and the quantity of that commodity supplied. Supply schedule is a table which shows the different quantities of a commodity which will be supplied at various prices at a particular time.

**Types of supply Schedule**

1. **Individual supply schedule**: This table shows the different quantities of a commodity which a producer offers for sale at various prices and at a particular time.

|  |  |
| --- | --- |
| Price per tuber (#) | Quantity supplied(no of yam) |
| 250 | 100 |
| 200 | 80 |
| 150 | 60 |
| 100 | 40 |
| 50 | 20 |

A farmer’s supply schedule of a farmer who supplied tubers of yam at different prices.

2. **Market Supply schedule**: Market supply schedule is a schedule of all producers or suppliers of a commodity in a market. A market supply schedule is a table which shows the total quantity of a commodity which all producers of that commodity are willing and able to supply at various prices at a particular period of time

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Price per bag (#) | Mr Lawal | Mrs Jimoh | Mr Abdulai | Total quantity supplied |
| 100 | 50 | 80 | 70 | 200 |
| 80 | 40 | 70 | 50 | 160 |
| 60 | 30 | 60 | 30 | 120 |
| 40 | 20 | 50 | 20 | 90 |
| 20 | 10 | 40 | 10 | 60 |
|   |   |   |   |   |

A market supply schedule for bags of rice

The market schedule above shows that there are only three producers of rice, it also reveals the relationship between the different prices of bag of rice and the total quantity which will be offered for  all producers at each price.

**Types of Supply**

* **Joint or complementary supply**: This occurs when two or more commodities are produced and supplied from one source. An increase in the production and supply of one automatically bring about an increase in the production and supply of the other commodities that are produced and supply from one source.
* **Composite supply**: This occurs when a certain commodity can serve two or more purposes, which means that the supply of the commodity for one purpose will greatly affect the supply of the same commodity for another purpose.
* **Competitive supply**: Competitive supply occurs when many commodities are supplied for the satisfaction of a particular want. It is the supply of two or more commodities that serve as substitutes or alternatives to one another.

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