

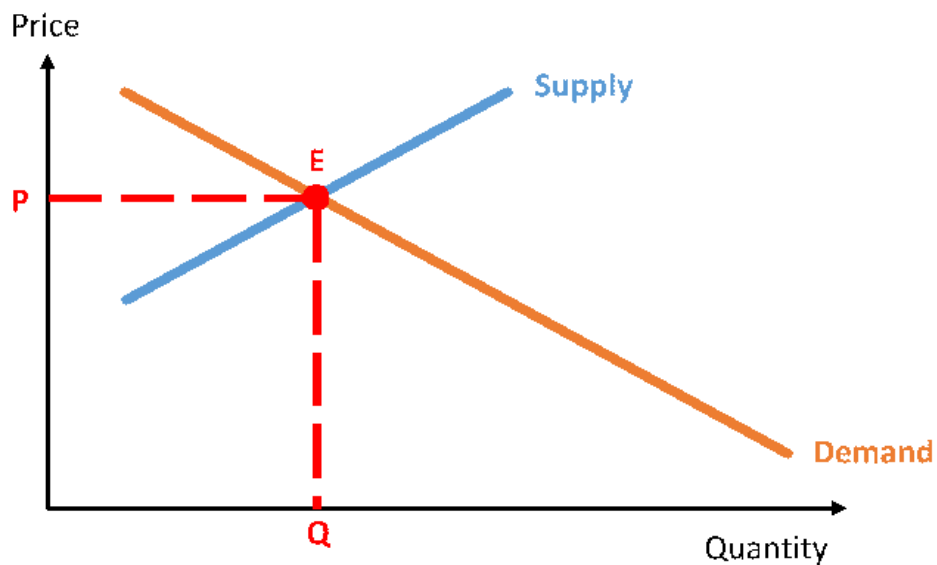
Answer on Question #67422 - Economics / Microeconomics

Question:

Blue Kashmir Sapphires is generally believed to be a relatively rare gemstone. Use demand and supply curves to illustrate and explain why such a rare item is sold at such a high price. (10)

Answer:

It is one of the paradoxes of the gemstone business that in many cases you need supply in order to have demand. A steady supply, especially when combined with good marketing, serves to increase demand and thus push prices higher. Economists call this induced demand, where increased supply actually serves to increase demand.



Reference:

<https://www.gemselect.com/other-info/supply-and-demand.php>

Answer provided by <https://www.AssignmentExpert.com>