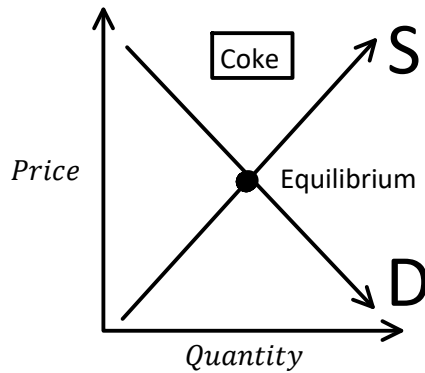


E101 - 2.1 - Supply Demand



Go by price

Change in Price - Movement along the curve

$$y = mx + b \quad m = \frac{y_2 - y_1}{x_2 - x_1} \quad m = \text{slope} \\ b = y - \text{intercept}$$

Demand - The quantities consumers are willing and able to buy per period of time at various prices.

Ceteris-Paribus - Other things being equal, or other things remaining the same.

Demand Schedule - A table showing the various quantities demanded per period of time at different prices.

Change in Quantity Demanded - A change in price of a product results in a change in quantity demanded. This is shown as a movement along the demand curve.

Real Income - Income measured in terms of the amount of goods and services that it will buy. Real income will increase if actual income increases or prices fall.

Income Effect - The effect that a price change has on real income and therefore on quantity demanded of a product.

Substitution Effect - The substitution of one product for another as a result the change in their relative prices.

Law of Demand - Higher Price -> Lower Quantity Demanded.
- Lower Price -> Higher Quantity Demanded .

Market Demand - The total demand for a product by all consumers.

Supply - The quantity is that producers are willing and able to sell her. Of time at various price's.

Supply Schedule - A table showing the various quantities supplied per period of time at different prices.

Law of Supply - Higher Price -> Higher Quantity Supplied.
- Lower Price -> Lower Quantity Supplied.

Change in the Quantity Supplied - The change in the amounts that will be produced as a result of a price change. This is shown as a movement along the supply curve.

Market Supply - The total supply of the product offered by all producers.

Market - A mechanism that brings buyers and sellers together and assists them in negotiating the exchange of products.

Equilibrium Price - The price at which the quantity demanded equals the quantity supplied such that there is neither a surplus nor a shortage.

Equilibrium Quantity - The quantity that prevails at the equilibrium price.