

Demand

DEMAND An economic principle referring to a consumer's desire and ability to purchase goods and services and willingness to pay a price for a specific good or service

Demand Schedule a table that shows the quantity demanded at each price

Demand Curve The graphical representation of the demand The demand curve is downward sloping schedule

Demand Function A demand function shows how the quantity demanded of a good depends on its determinants $Q_d=f(P)$

Law of Demand The law of demand states that the quantity demanded varies inversely with price, ceteris paribus

Non-price determinants of demand

Income

Future price expectations

Changes in tastes and preferences

Changes in tastes and preferences

Changes in the price of complementary goods

Changes in the number of consumers

Market

MARKET A market is an interaction between buyers and sellers of trading or exchange.

Product Market it is the most common type of market because it is the place where finished goods and services are bought and sold

Factor Market a place where factors of production (land, labour, capital) are bought and sold

Financial Market financial markets facilitate the interaction between those who need capital with those who have capital to invest

Supply

Supply Supply is the quantity of a good or service that a producer is willing and able to supply onto the market at a given price in a given time

Basic Law of Supply an increase in price results in an increase in quantity supplied, ceteris paribus

Supply Curve shows the relationship between market price and how much a firm is willing and able to sell

Other Determinants of Supply

Subsidies and Taxes

Technology

Other Related Goods

Resource Cost

Expectation

Size of the Market

Equilibrium

MARKET EQUILIBRIUM Equilibrium is a state of balance when demand is equal to supply

EQUILIBRIUM PRICE the price of a good or service when the supply of it is equal to the demand for it in the market

DETERMINATION OF MARKET EQUILIBRIUM Market equilibrium is attained when the quantity demanded is equal to the quantity supplied



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Page 1 of 1.

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