Economics Supply and Demand Cheat Sheet

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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 Qd=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
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- 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