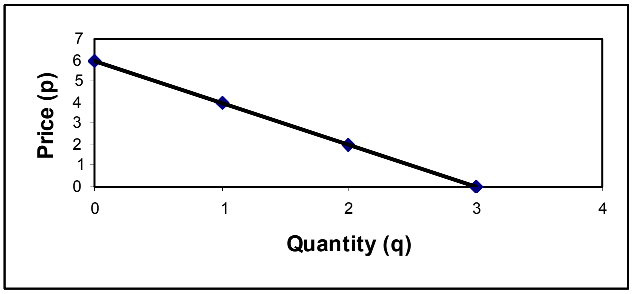
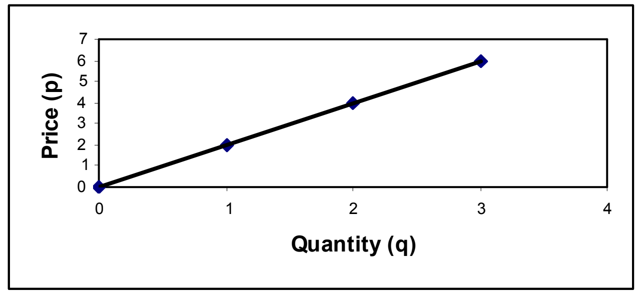
DEMAND & SUPPLY

	DEMAND	SUPPLY
Curves		
Movement Along Curve	**Own Price :** Increase in own price decreases demand for that product, upward movement along D curve. Negative relationship between price and quantity demanded.	**Own Price:** Increase in own price increases supply of that product, upward movement along S curve. Positive relationship between price and quantity supplied.
Curve Shifters Increase (decrease) in demand or supply, shifts demand or supply curve to the right (left).	**# of buyers:** Increase in number of buyers increases quantity demanded, shifts D curve to the right.	**# of sellers:** If number of sellers increases, the quantity supplied increases, S curve shifts right.
	Income: - **Normal Goods:** Increase in income causes increase in quantity demanded at each price, shifts *D* curve to the right. (Ex: Clothing) - **Inferior Goods:** An increase in income shifts *D* curves to the left. (Ex: Bus rides)	**Input Prices:** A fall in input prices, decreasing the cost of production, increases the quantity supplied, shifts S curve to the right.
	Prices of related goods: - **Substitutes:** Two goods are *substitutes* if an increase in the price of one causes an increase in demand for the other, D curve shifts right. (Ex: Pizza & Hamburger) - **Complements:** Two goods are *complements* if an increase in the price of one causes a fall in demand for the other, D curve shifts left. (Ex: Software & Computer)	**Technology:** A cost saving technological improvement, decreasing the cost of production, increases quantity supplied, S curve shifts right. (Similar to the decrease in input prices)
	Expectations: - If consumers expect prices to increase in the future they increase their demand today. D curve shifts right. - If consumers expect their income to rise in the future, they increase their spending today, demand increases, D shifts right.	**Expectations:** If suppliers expect prices to go up in the future, they decrease their supply today and save inventory to sell for a higher price in the future. S curve shifts left.