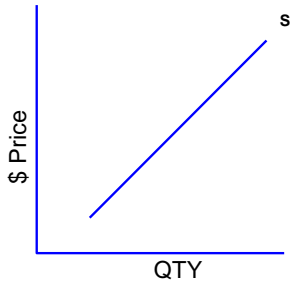


## Overview: Supply and Demand

### Supply (firms)



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Price and quantity are positively related  
(sympathetic)

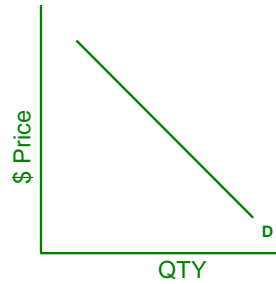
#### Movements along supply curve occur when...

When price rises and quantity supplied rises  
or  
when price falls and quantity supplied falls

#### Shifts in supply are due to...

- Technology
- Number of Firms in the market
- Price of goods used in production (cost of inputs).
- Expectations for future prices
- Government taxes, subsidies, regulations.

### Demand (consumers)



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Price and quantity are negatively related (inverse)

#### Movements along demand curve occur when...

When price rises and quantity demanded falls  
or  
when price falls and quantity demanded rises.

#### Shifts in demand are due to...

- Preferences
- Number of Consumers in Market
- Information
- Income (normal v. inferior goods)
- Expectations for future prices
- Price of related goods
  - substitutes
  - complementary