

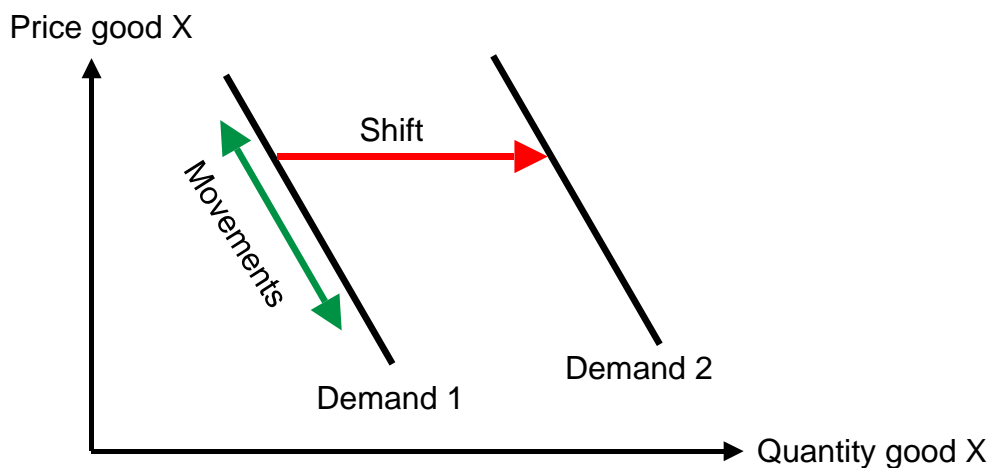
Shifts of a curve vs movements along a curve

Demand side

1 Terms

- Demand = schedule or curve showing price-quantity combinations for buyers
- Quantity demanded = quantity that buyers desire to purchase at a given price (point in a demand schedule or on a demand curve)

2 Movements along a demand curve and shift of a demand curve:



3 Influences on the demand side

3.1 **Movements** along the demand curve: Change in price → Change in quantity demanded

(All other variables influencing demand, like the income, the price of other goods, the tastes or the number of buyers, stay the same [Ceteris paribus-condition].):

- Price of good X rises → Quantity demanded of good X falls
- Price of good X falls → Quantity demanded of good X rises

3.2 **Shifts** of the demand curve; in this case to the **right** → Demand rises (Opposite influences in the case of a shift to the **left**):

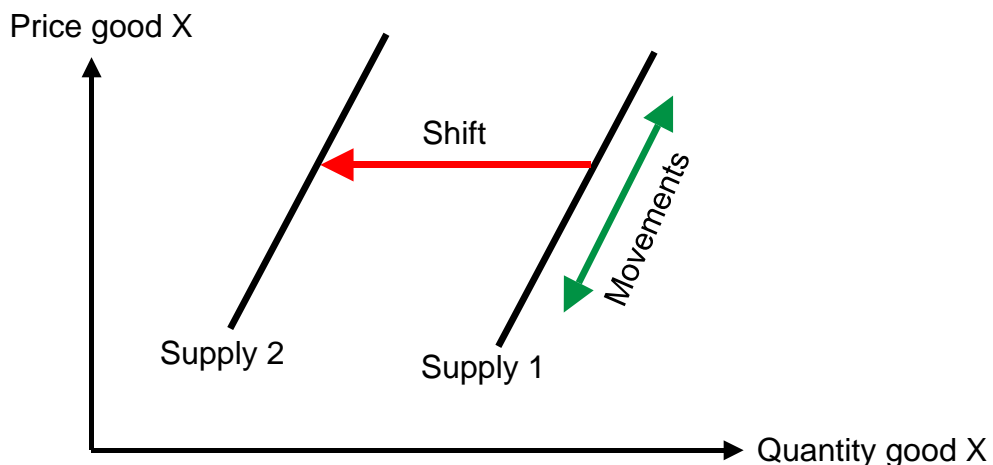
- Income rises (normal good)
- Income falls (inferior good)
- Price of a substitute Y rises
- Price of a complement Z falls
- Number of buyers rise

Supply side

1 Terms

- Supply = schedule or curve showing price-quantity combinations for sellers
- Quantity supplied = quantity that sellers desire to sell at a given price (point in a supply schedule or on a supply curve)

2 Movements along a supply curve and shift of a supply curve:



3 Influences on the supply side

3.1 **Movements** along a supply curve: Change in price → Change in quantity supplied (All other variables influencing supply, like the price of input goods, the productivity, the sales tax or the number of sellers, stay the same [Ceteris paribus-condition].):

- Price of good X rises → Quantity supplied of good X rises
- Price of good X falls → Quantity supplied of good X falls

3.2 **Shifts** of the supply curve; in this case shift to the **left** → Supply falls (Opposite influences in the case of a shift to the **right**):

- Price of input goods (capital, labour) rises
- Productivity falls
- A sales tax is introduced
- Number of sellers falls