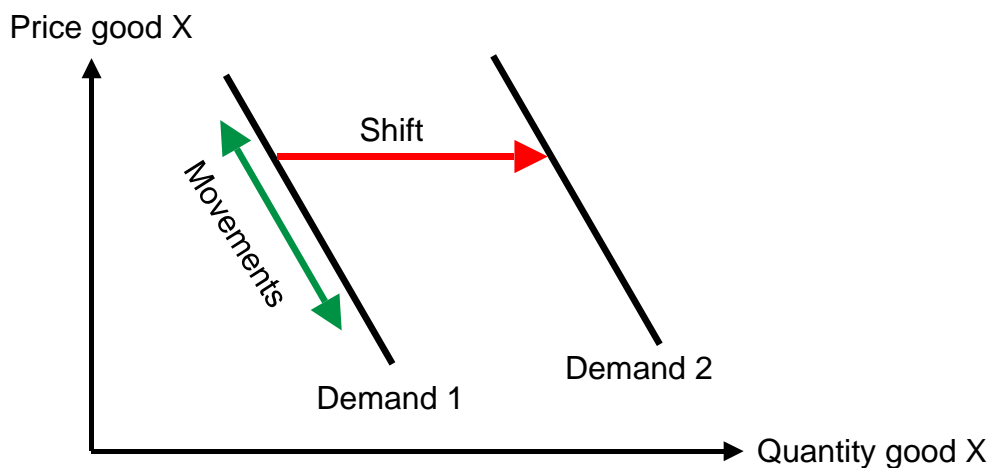## Shifts of a curve vs movements along a curve

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 $\rightarrow$ 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 $\rightarrow$ Quantity demanded of good X falls
- Price of good X falls $\rightarrow$ Quantity demanded of good X rises

3.2   **Shifts** of the demand curve; in this case to the **right** $\rightarrow$ Demand rises
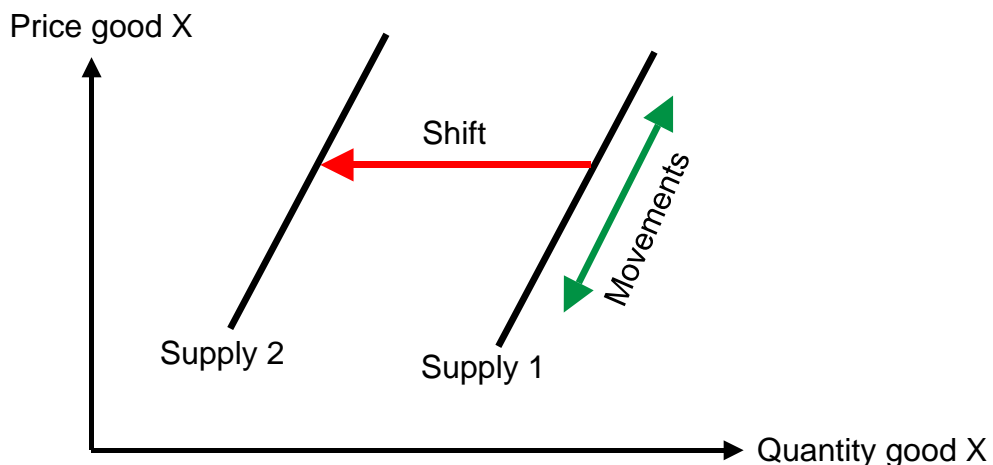(Opposite influences in the case of a shift to the **left**):
- Income rises (normal good)
- Income falls (inferior good)
- Price of a substitute Y rises
- Price of a complement Z falls
- Number of buyers rise

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 Mouvements along a supply curve and shift of a supply curve:

Price good X

Shift

Movements

Supply 2

Supply 1

Quantity good X

3 Influences on the supply side

3.1 **Movements** along a supply curve: Change in price $\rightarrow$ 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 $\rightarrow$ Quantity supplied of good X rises
- Price of good X falls $\rightarrow$ Quantity supplied of good X falls

3.2 **Shifts** of the supply curve; in this case shift to the **left** $\rightarrow$ 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