

Goods (demand)

Abbreviations at the bottom of page 2

1 Effect of changes in price on the quantity demanded

<p>11 Law of demand</p> <p>The law of demand describes the negative relationship between price and quantity demanded (demand curve unchanged).</p>	$P + \Leftrightarrow QD -$	
	$P - \Leftrightarrow QD +$	
<p>12 Giffen good</p> <p>➔ positive relationship between price and quantity demanded</p>	$P + \Leftrightarrow QD +$ and $P - \Leftrightarrow QD -$ (on the right: the demand curve of a Giffen good)	

2 Effect of changes in price good A on the demand good B

<p>21 Complements A, B</p> <p>➔ negative relationship between the price of good A and the demand for good B</p>	$P \text{ good A} + \Leftrightarrow D \text{ good B} -$	
	$P \text{ good A} - \Leftrightarrow D \text{ good B} +$	

22 Substitutes A, B ➔ positive relationship between the price of good A and the demand for good B	$P \text{ good A} +$ $\Leftrightarrow D \text{ good B} +$	
	$P \text{ good A} -$ $\Leftrightarrow D \text{ good B} -$	

3 Effect of *changes in income* on demand

31 Normal good ➔ positive relationship between income and demand	$Y + \Leftrightarrow D +$	
	$Y - \Leftrightarrow D -$	
32 Inferior good ➔ negative relationship between income and demand	$Y + \Leftrightarrow D -$	
	$Y - \Leftrightarrow D +$	

Abbreviations

$P = \text{Price}$ / $Q = \text{Quantity}$ / $D = \text{Demand}$ / $QD = \text{Quantity demanded}$ /
 $Y = \text{Income}$ / $+ = \text{Increase}$ / $- = \text{Reduction}$