

Economics — Demand & Supply

Demand

- Law of demand: inverse relation between price and quantity demanded, ceteris paribus.
- Determinants: income, tastes, prices of related goods, expectations, number of buyers.
- Movements vs shifts: price change moves along curve; non-price changes shift the curve.

Supply

- Law of supply: direct relation between price and quantity supplied, ceteris paribus.
- Determinants: input prices, technology, taxes/subsidies, expectations, number of sellers.

Elasticity

- Price elasticity of demand (PED): $\% \Delta Q_d / \% \Delta P$; elastic (>1), inelastic (<1), unit ($=1$).
- Cross and income elasticities: substitutes vs complements; normal vs inferior goods.
- Price elasticity of supply (PES): responsiveness of quantity supplied to price changes.

Equilibrium & Applications

- Market equilibrium at intersection of demand and supply; surplus/shortage & price adjustment.
- Shocks: how curves shift and new equilibrium forms; consumer/producer surplus basics.