

Consumer preferences

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From trade to consumption

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Who are the **first** affected by **barriers to trade** (e.g., *tariffs*)?

And **second**?

From trade to consumption

Who is paying for Trump's tariffs? So far, it's US businesses. (PIIE)

From trade to consumption

Consumers Are Pulling Back, Spooked by Tariff-Related Price Increases (NYT)

Demand

Demand

If not always, consumers are usually *price takers*.

Consumers vs. **higher prices**

Demand

Not just **prices**.

Demand is also affected by:

- Changes in **taste**;
- Price of **complements**;
- Price of **substitutes**.

Demand

Quick survey

Demand

Consumers have only so much **income** to spend.

Two categories:

- *Normal* goods;
- *Inferior* goods.

Next time: Elasticities