

# ECO101 Introduction to Microeconomics

## Lecture 6



# Remember!

\* 6 Factors that causes Changes in Demand/ Demand Curve to shift

1. Price of related goods
2. Expected future prices
3. Income
4. Expected future Income or Credit
5. Population
6. Preferences



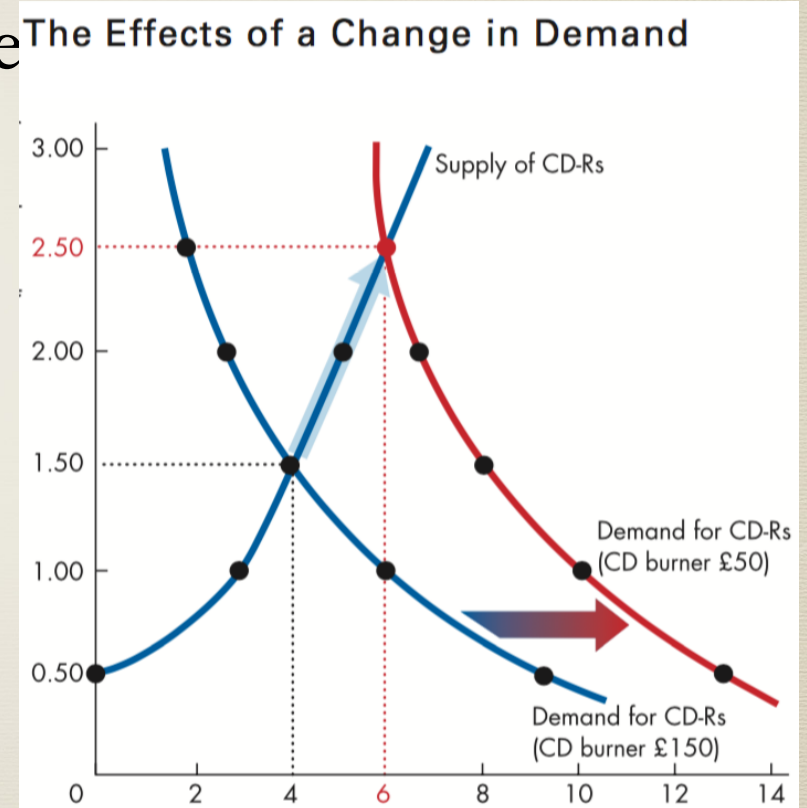
# Increase & Decrease in Demand

- \* Increase in Demand- both Price & Qs rises.

*Note: Qs rises but Supply remains the same*

- \* Decrease in Demand- both Price and Qs falls

*Note: Qs falls but Supply remains the same*





# Remember!

\* 6 factors that causes a shift of the supply curve:

1. Prices of Factors of Production
2. Prices of related goods produced
3. Expected Future Prices
4. Number of Suppliers
5. Technology
6. The State of Nature



# Increase & Decrease in Supply

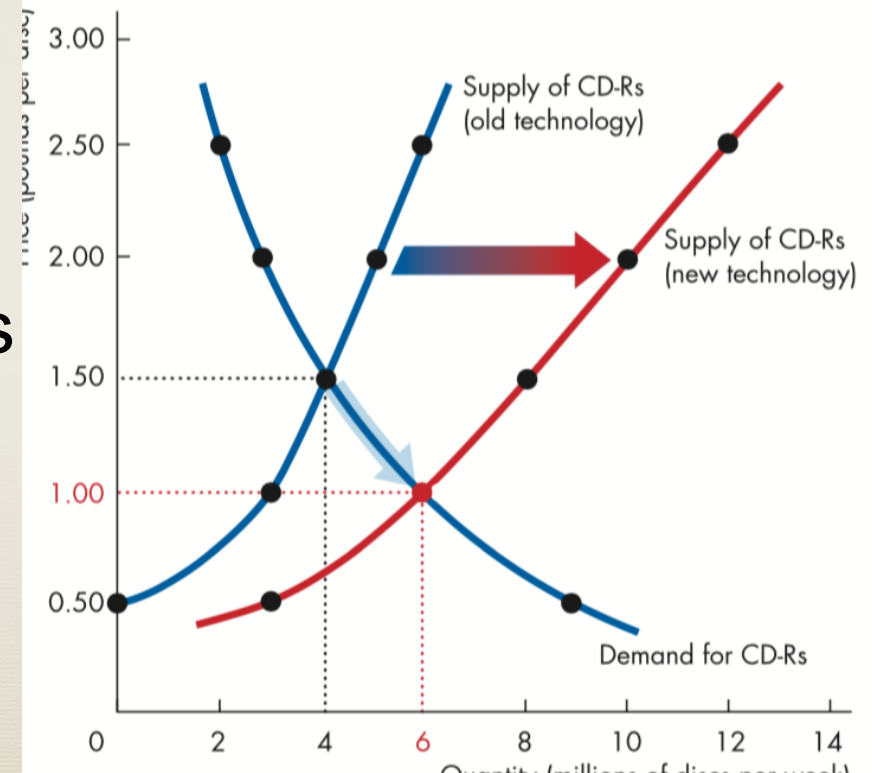
- \* Increase in Supply- Price falls and Qd rises

*Note: Qd rises but Demand remains the same*

- \* Decrease in Supply- Price rises and Qd falls

*Note: Qd falls but Demand remains the same*

The Effects of a Change in Supply





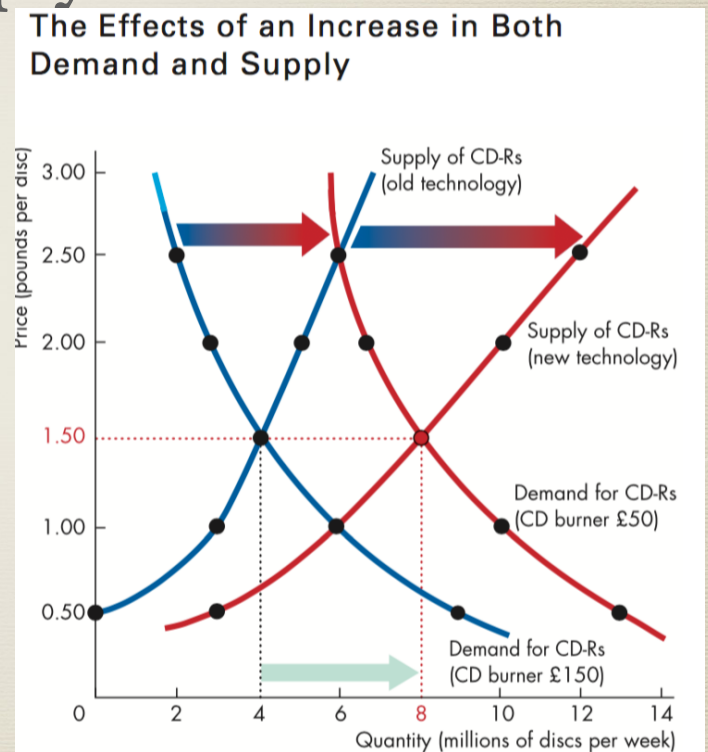
# All the Possible changes of **Demand** & **Supply** in the Real World

## \* **Increase** in both Demand & Supply

Both Increase in D & S **increases the quantity**. But the effect on price is UNCERTAIN

## \* **Decrease** in both Demand & Supply

Similarly, **quantity decreases** and the effect on price is UNCERTAIN





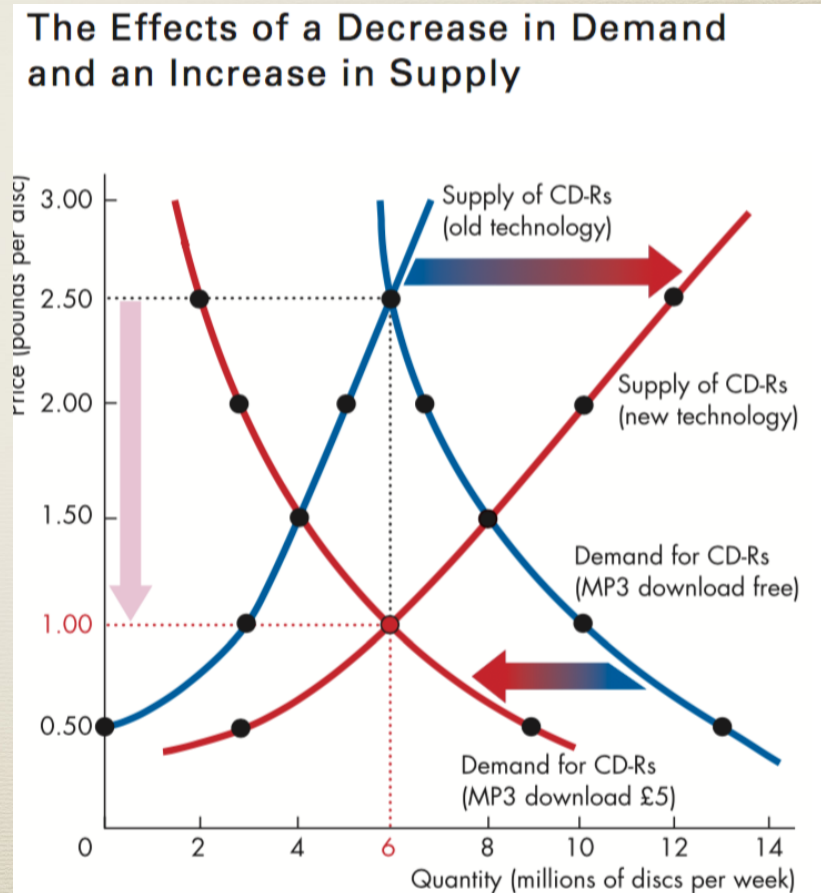
# All the Possible changes of **Demand** & **Supply** in the Real World

## \* **Decrease in demand** & **Increase in Supply**

Both the decrease in D and increase in S **reduces the Price** but now the quantity is Uncertain

## \* **Increase in Demand** & **Decrease in Supply**

Again, this causes **Price to rise** and similarly quantity is Uncertain





# All the Possible changes of **Demand & Supply** in the Real World

Strictly refer to the pages **72 & 73** of your textbook (8th Edition) to get a precise idea of All the Possible changes of **Demand & Supply** in the Real World



# Essential Readings for Today

- \* Economics. Parkin, Powell, Matthews. 8th Edition
- \* Chapter 3: pages **68 to 75**
- \* No notes will be provided for the Demand & Supply. As everything is elaborated precisely on your textbook. Hence, I urge to go through Chapter 3 of your textbook for a clear understanding.



# Quiz Results

