

How will buyers react to a decrease in the price of cars?

Quantity Demanded increases

What if at the same time that car prices
drop, incomes also drop?

We can not use the law of demand. Two variables changed (income and prices).



**Ceteris
Paribus**





How will buyers react to a **decrease** in the price of cars?

Quantity Demanded **increases**

What if at the same time that car prices drop, **incomes also drop**?

We can not use the law of demand. Two variables changed (**income and prices**).