

## **Unit III**

### *Demand, Supply, Equilibrium*

**Topic 1:** Demand (chapter 4, sections 1 and 2)

**Topic 2:** Supply (chapter 5, sections 1 and 3)

**Topic 3:** Equilibrium (Chapter 6)

**Topic 4:** Elasticity (chapter 4, section 3)

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#### **Topic 1: Demand**

*Chapter 4, Sections 1 & 2*

#### **Objectives:**

1. Explain the Law of Demand
2. Describe how the substitution effect and the income effect influence decisions
3. Create a demand schedule for an individual and a market
4. Interpret a demand graph using demand schedules
5. Explain the difference between a change in quantity demanded and a shift in the demand curve
6. Identify the factors (determinants) that create shifts in the demand curve
7. Graph changes in demand curves

#### **Key Terms:**

Demand	Law of Demand
Substitution Effect	Income effect
Demand Schedule	Market Demand Schedule
Demand Curve	Price Effect*
<i>Ceteris paribus</i>	Normal Good
Inferior good	Demographics
Compliments	Substitutes

#### **Section Practice:**

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