## Demand Summary Study Guide

Once finished, this page will be an excellent study guide for the concepts in this module. Complete the chart by indicating what happens to the demand for Good A when the factors of demand change as described.

|  |  |  |
| --- | --- | --- |
| **Factors for a shift in the demand curve** | **Scenario** | **Demand for Good**  **A increases (↑) or decreases (↓)** |
| **1. Changes in the price of a related good or service** |  |  |
| If Good *A* and Good *B* are substitutes… | and the price of Good *B*  rises… |  |
|  | and the price of Good *B*  falls… |  |
| If Good *A* and Good *B* are complements… | and the price of Good *B*  rises… |  |
|  | and the price of Good *B*  falls… |  |
| **2. Changes in income** |  |  |
| If Good *A* is a normal good… | and income rises… |  |
|  | and income falls… |  |
| If Good *A* is an inferior good | and income rises… |  |
|  | and income falls… |  |
| **3. Changes in tastes** |  |  |
|  | if tastes change in favor of Good *A*… |  |
|  | if tastes change against  Good *A* … |  |
| **4. Changes in expectations** | if the price of Good *A* is expected to rise in the  future… |  |
|  | if the price of Good *A* is  expected to fall in the future… |  |
| **5. Changes in the number of consumers** | if the number of consumers of Good *A:* rises… |  |
|  | if the number of consumers of Good *A*  falls… |  |

## Demand Summary Study Guide Answer Key

Once finished, this page will be an excellent study guide for the concepts in this module. Complete the chart by indicating what happens to the demand for Good A when the factors of demand change as described.

|  |  |  |
| --- | --- | --- |
| **Factors for a shift in the demand curve** | **Scenario** | **Demand for Good**  **A increases (↑) or decreases (↓)** |
| **1. Changes in the price of a related good or service** |  |  |
| If Good *A* and Good *B* are substitutes… | and the price of Good *B*  rises… | **(↑)** |
|  | and the price of Good *B*  falls… | **(↓)** |
| If Good *A* and Good *B* are complements… | and the price of Good *B*  rises… | **(↓)** |
|  | and the price of Good *B*  falls… | **(↑)** |
| **2. Changes in income** |  |  |
| If Good *A* is a normal good… | and income rises… | **(↑)** |
|  | and income falls… | **(↓)** |
| If Good *A* is an inferior good | and income rises… | **(↓)** |
|  | and income falls… | **(↑)** |
| **3. Changes in tastes** |  |  |
|  | if tastes change in favor of Good *A*… | **(↑)** |
|  | if tastes change against  Good *A* … | **(↓)** |
| **4. Changes in expectations** | if the price of Good *A* is expected to rise in the  future… | **(↑)** |
|  | if the price of Good *A* is  expected to fall in the future… | **(↓)** |
| **5. Changes in the number of consumers** | if the number of consumers of Good *A*  rises… | **(↑)** |
|  | if the number of consumers of Good *A*  falls… | **(↓)** |