1 Demand, supply, and equilibrium – Part 2 — Answers

Answers

Work through these after you have tried the questions yourself.

2.1 as price rises, quantity demanded falls; the demand curve slopes downward.
2.2 as price rises, quantity supplied rises; the supply curve slopes upward.
2.3 the price falls, because sellers have unsold goods and lower the price to sell them.
2.4 the equilibrium price falls and the equilibrium quantity rises.
2.5 a movement along the curve is caused by a change in the good's own price; a shift of the curve is caused by another factor (income, tastes, costs).