Notes Chapter 4

Know vocabulary

KNOW THE FOLLOWING

**Demand** (also know the two key words in the definition that make demand work. It’s not only about desiring something, but also the ( ) and ( ).

**Change in Quantity Demand** (Also understand that this means that price is changing along with quantity)

**Change in Demand** (Also understand that people are buying more of the product at the SAME price)

**Law of Demand**

**Elastic:** Think about the definition as well as the graphs/examples we did. How do expenditures play into this? Meaning, when price drops, you need to know if expenditures increase, decrease or stay the same.

**Inelastic** Think about the definition as well as the graphs/examples we did. How do expenditures play into this? Meaning, when price drops, you need to know if expenditures increase, decrease or stay the same.

**Unit Elastic** Think about the definition as well as the graphs/examples we did. How do expenditures play into this? Meaning, when price drops, you need to know if expenditures increase, decrease or stay the same.

**Diminishing Marginal Utility**

What Else do you need to know?

-the 3 Determinants of Demand Elasticity

-The 6 Determinants of Demand

-The difference between complimentary goods and substitute goods (More specifically, know how price and demand are affected with each, meaning if price goes up/down for one complimentary good, how does it affect the demand for the other complimentary good. If the price goes up/down for a substitute good, how does it affect the demand for the other substitute good.)