Objectives for Chapter 3

**Demand, Supply, and Market Equilibrium**

**Demand**
1. Define and apply quantity demanded.
2. State the Law of Demand.
3. Identify the determinants of demand and indicate how each must change for demand to increase or decrease.
4. Differentiate between a shift of a demand curve and a movement along the demand curve.
5. Distinguish between two goods that are substitutes and two goods that are complements.
6. Distinguish between a good that is normal and a good that is inferior.

**Supply**
7. Define and apply quantity supplied.
9. Identify the determinants of supply and indicate how each must change for supply to increase or decrease.
10. Differentiate between a shift of a supply curve and a movement along the supply curve.
11. Distinguish between two goods that are substitutes in production and two goods that are complements in production.

**Market Equilibrium**
12. Determine equilibrium price and quantity.
13. Graphically show the movement from one market equilibrium to another, caused by a change in the determinants of demand or supply.
14. Define excess demand (shortage) and excess supply (surplus) and predict their effects on the existing price levels.