Demand, Supply, and Price

The demand and supply of a good and service are all connected and affect each other.

**Law of Demand:** As price decreases, demand increases. As price increases, demand decreases.

Factors That Can Increase or Decrease Demand

|  |  |
| --- | --- |
| **Factor** | **Influence on Demand** |
| Changing consumer Income |  |
| Changing Consumer Tastes |  |
| Changing expectations for the future |  |
| Changes in Population |  |

**Law of Supply:** As prices increase, supply increases. As prices decrease, supply decreases.

Factors That Can Increase or Decrease Supply

|  |  |
| --- | --- |
| **Factor** | **Influence on Supply** |
| Change in the number of products |  |
| Change in Price |  |
| Changes in Technology |  |
| Changing expectations for the future |  |
| Changing Production Costs |  |