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(2-59)

1) why does a market demand curve normally slope down?

Because as price falls, quantity demanded rises due to the law of demand. Substitution effect, income effect, and diminishing marginal utility.

2) Factors shifting demand curve right

-> Higher consumer income

-> Higher price of substitutes

-> Lower price of compliments

-> Favorable tastes / preferences

-> Larger population

-> Expectation of future price rise.

4 3) why does a firm's supply curve slope up?

Higher prices encourage producers to supply more due to profit motive, rising costs, and new firms entering the market.

4) Factors shifting supply curve left:

-> Higher production costs

-> Increased taxes or less subsidies

→ Poor technology or bad weather

→ Government restrictions

→ Fewer producers.