**SELF-CHECK 2**

1) Define the concept of demand and explain, on an intuitive level, why the demand curve for a good is downward sloping.

2) Distinguish between "a change in demand" and "a change in quantity demanded." What are the causes of each type of change and how do we illustrate them graphically?

3) List the factors that influence supply. How does a change in each of the factors you have listed affect the supply curve?

4) Assume the current price of good X is too high, i.e., it is above the equilibrium price. Describe the changes that would occur in a market as a result, i.e., explain how the market would adjust to equilibrium.

5) Assume there is an increase in the price of electricity (which is the result of a decrease in the supply of electricity), and electricity and natural gas are substitutes. How would this affect the demand for natural gas, and what would happen to the equilibrium price and quantity of natural gas?