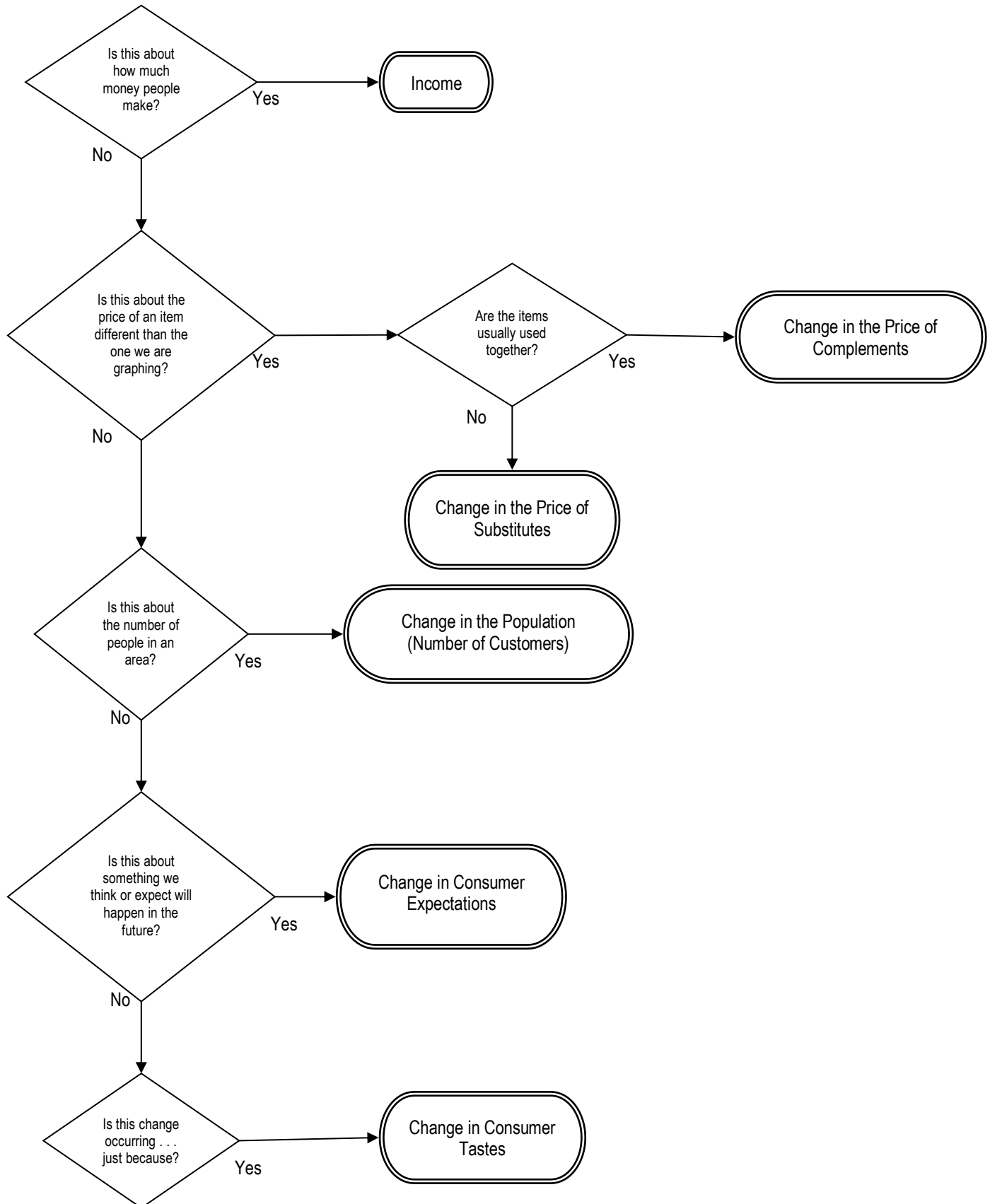


Follow the flowchart below. Ask yourself the questions as you encounter them and follow the arrow to your conclusion. In most cases, once you rule out Income, Price of Related Goods, and Number of Potential Buyers, and Expectations, Tastes is the correct *determinant of demand*.



## Determinants of Demand

Factor	Event	Demand Curve	Equilibrium Price ( $P_E$ )	Equilibrium Quantity ( $Q_E$ )
<b>Rules for Demand</b>	Demand Increases	Right		
	Demand Decreases	Left		
<b>Income</b>	Incomes Increase			
	Incomes Decrease			
<b>Price of Related Goods</b>	Price of Substitute Increases			
	Price of Substitute Decreases			
	Price of Complement Increases			
	Price of Complement Decreases			
<b>Tastes</b>	Customers Prefer the Product More			
	Customers Prefer the Product Less			
<b>Population (# of Buyers)</b>	More Customers Are Available			
	Less Customers Are Available			
<b>Expectations</b>	Future Outlook Seems Better	??	??	??
	Future Outlook Seems Worse	??	??	??