Unit 2 – Topics to be ready for:

* Law of demand – as price decreases, quantity demanded increases and vice versa
* Factors for demand/supply shifts: TRIBE & ROTTEN
* Effects of demand/supply shifts on price & quantity
* Effects of demand elasticity on total revenue ($)
* Consumer/Producer surplus
* Definition and Calculating Marginal Utility (alligator mouth)
* Utility Maximization equation - MUx/Px =MUy/Py
* Double shifts
* Binding Price controls: Price ceilings & Price floors
* Excise Taxes

Solutions to Utility Maximization FRQ (Sasha)

