

allocative efficiency	the economy's ability to allocate resources to satisfy consumer wants
ceiling price	a limit on the price charged for a good or service
ceteris paribus	an assumption used in economics to isolate the relationship between two economic variables; meaning 'other things being equal'
contraction of demand	when an increase in the price of a good or service causes a decrease in quantity demanded
contraction of supply	when a decrease in the price of a good or service causes a decrease in quantity supplied

equilibrium

when any consumer who is willing to pay the market price for a good or service is satisfied, and any producer who offers their goods or services at the market price is able to sell their produce; when the quantity demanded equals

expansion of demand

when a decrease in the price of a good or service causes a increase in quantity demanded

expansion of supply

when an increase in the price of a good or service causes an increase in quantity supplied

externality

an effect associated with the production or consumption of a good or service which results in a benefit or cost on other producers or consumers

factor market

a market for any input into the production process, including land, labour, capital and enterprise

floor price

a minimum price that can be paid for a good or service

income distribution

the way in which an economy's income is spread among the members of different social and socio-economic groups

inventory

the total stock of goods and services held by a firm at a particular point in time, which is intended for sale to consumers

law of demand

a law that states that as prices rise, consumers will be willing to purchase smaller quantities of a commodity

law of supply

a law that states that as prices rise, suppliers will be willing to supply larger quantities of a commodity

market equilibrium

the intersection of the
demand and supply
curves
