11 Economics 1 Markets - Part 1

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1.	**allocative efficiency**	the economy's ability to allocate resources to satisfy consumer wants
2.	**ceiling price**	a limit on the price charged for a good or service
3.	**ceteris paribus**	an assumption used in economics to isolate the relationship between two economic variables; meaning 'other things being equal'
4.	**contraction of demand**	when an increase in the price of a good or service causes a decrease in quantity demanded
5.	**contraction of supply**	when a decrease in the price of a good or service causes a decrease in quantity supplied
6.	**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
7.	**expansion of demand**	when a decrease in the price of a good or service causes a increase in quantity demanded
8.	**expansion of supply**	when an increase in the price of a good or service causes an increase in quantity supplied
9.	**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
10.	**factor market**	a market for any input into the production process, including land, labour, capital and enterprise
11.	**floor price**	a minimum price that can be paid for a good or service
12.	**income distribution**	the way in which an economy's income is spread among the members of different social and socio-economic groups
13.	**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
14.	**law of demand**	a law that states that as prices rise, consumers will be willing to purchase smaller quantities of a commodity
15.	**law of supply**	a law that states that as prices rise, suppliers will be willing to supply larger quantities of a commodity
16.	**market equilibrium**	the intersection of the demand and supply curves