An INCREASE IN DEMAND to D 1 (a DECREASE IN DEMAND to D 2) may be caused by
1) a change in tastes in favor of (away from) the good;
2) an increase (a decrease) in income, if the product is a normal good;
3) more (fewer) buyers in the market;
4) a redistribution of income towards (away from) households favoring the good;
5) an increase (a decrease) in the price of a substitute in consumption;
6) a decrease (an increase) in the price of a complement in consumption; or
7) a change in household expectations about the future.

NOTE: A change in the price of the good will cause a movement ALONG the existing demand curve, with no shift in the demand curve.

An increase in demand causes a shortage at the existing price. The shortage causes price to rise. As price rises the quantity demanded decreases and the quantity supplied increases. Price continues to rise until the shortage is eliminated and a new equilibrium is reached. The new equilibrium will have a higher price and a greater quantity bought and sold.

An increase in demand causes equilibrium price and equilibrium quantity both to rise.

A decrease in demand causes a surplus at the existing price. The surplus causes price to fall. As price falls the quantity demanded increases and the quantity supplied decreases. Price continues to fall until the surplus is eliminated and a new equilibrium is reached. The new equilibrium will have a lower price and a smaller quantity bought and sold.

A decrease in demand causes equilibrium price and equilibrium quantity both to fall.
An INCREASE IN SUPPLY to $S_1$ (a DECREASE IN SUPPLY to $S_2$) may be caused by

1) a change in the producers’ goals;
2) a change in the state of technology;
3) more (fewer) sellers in the market;
4) a decrease (an increase) in the price of a substitute in production [another good the firm could be producing, using the same resources, like coffins & cabinets or tires & tennis balls];
5) an increase (a decrease) in the price of a complement in production [another good that is produced at the same time, like beef & leather or skim milk and cream];
6) a decrease (an increase) in the prices of factors of production (costs); or
7) a change in producers’ expectations about the future.

NOTE: A change in the price of the good will cause a movement ALONG the existing supply curve, with no shift in the supply curve.

An increase in supply causes a surplus at the existing price. The surplus causes price to fall. As price falls the quantity demanded increases and the quantity supplied decreases. Price continues to fall until the surplus is eliminated and a new equilibrium is reached. The new equilibrium will have a lower price and a greater quantity bought and sold.

An increase in supply causes equilibrium price to fall and equilibrium quantity to rise.

A decrease in supply causes a shortage at the existing price. The shortage causes price to rise. As price rises the quantity demanded decreases and the quantity supplied increases. Price continues to rise until the shortage is eliminated and a new equilibrium is reached. The new equilibrium will have a higher price and a smaller quantity bought and sold.

A decrease in supply causes equilibrium price to rise and equilibrium quantity to fall.