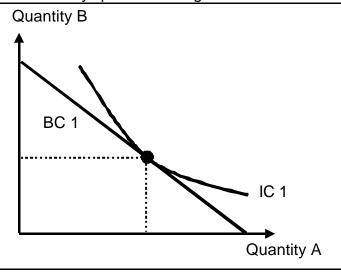# Demand Curve (derivation)

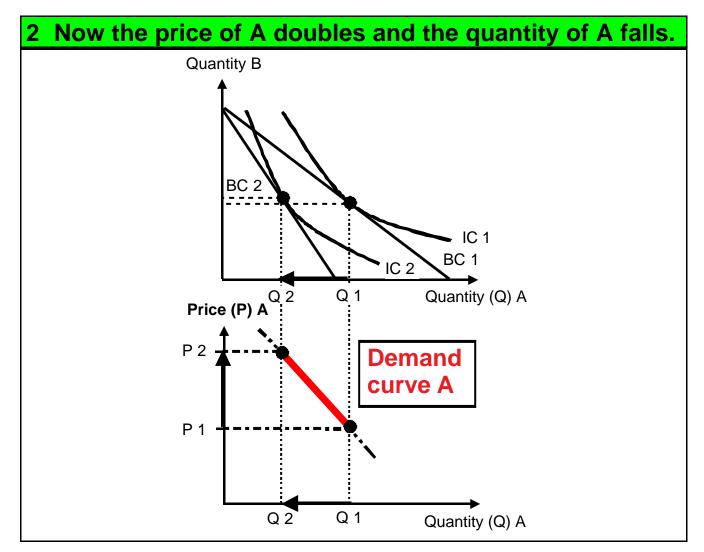## 1 Consumer optimum

- 2 goods, A and B
- Income Y fully spent on the 2 goods

Quantity B

BC 1

IC 1

Quantity A

Abbreviations

BC   Budget constraint
IC   Indifference curve

2 Now the price of A doubles and the quantity of A falls.

Quantity B

BC 2

IC 1
BC 1
IC 2

Q 2   Q 1   Quantity (Q) A

Price (P) A

P 2

P 1

Demand curve A

Q 2   Q 1   Quantity (Q) A