Understand Economics

1. What is the relationship between demand and supply?

The relationship is shown by an equilibrium which is the state in which market supply and demand balance each other, and as a result, prices become stable. It can be said that the forces of supply and demand are relatively equal and that the market is in a state of equilibrium.

2. What is the market concentration?

Market concentration is a function of the number of firms and their respective shares of the total production (alternatively, total capacity or total reserves) in a market. Alternative terms are industry concentration and seller concentration.

Market concentration is related to industrial concentration which concerns the distribution of production within an industry. In industrial organization, market concentration may be used as a measure of competition, theorized to be positively related to the rate of profit in the industry

3. What is a business cycle?

Business cycle refers to economy-wide fluctuations in production, trade, and general economic activity. From a conceptual perspective, the business cycle is the upward and downward movements of levels of GDP and refers to the period of expansions and contractions in the level of economic activities around a long-term growth trend.

Business cycles are identified as having four distinct phases: expansion, peak, contraction, and trough.