

Chapter 2

Microeconomic



Microeconomic

Microeconomics is to point to individual quantity economic activity, namely the economic activity of single economic unit.

It is to point to individual enterprise, management unit and its economic activity, if the production of individual enterprise, offer and sell, the price that individual exchanges.

The operation of microeconomy, induced by price and market signals, adjusts and balances itself through competition.

Example of Microeconomics

Production of enterprises

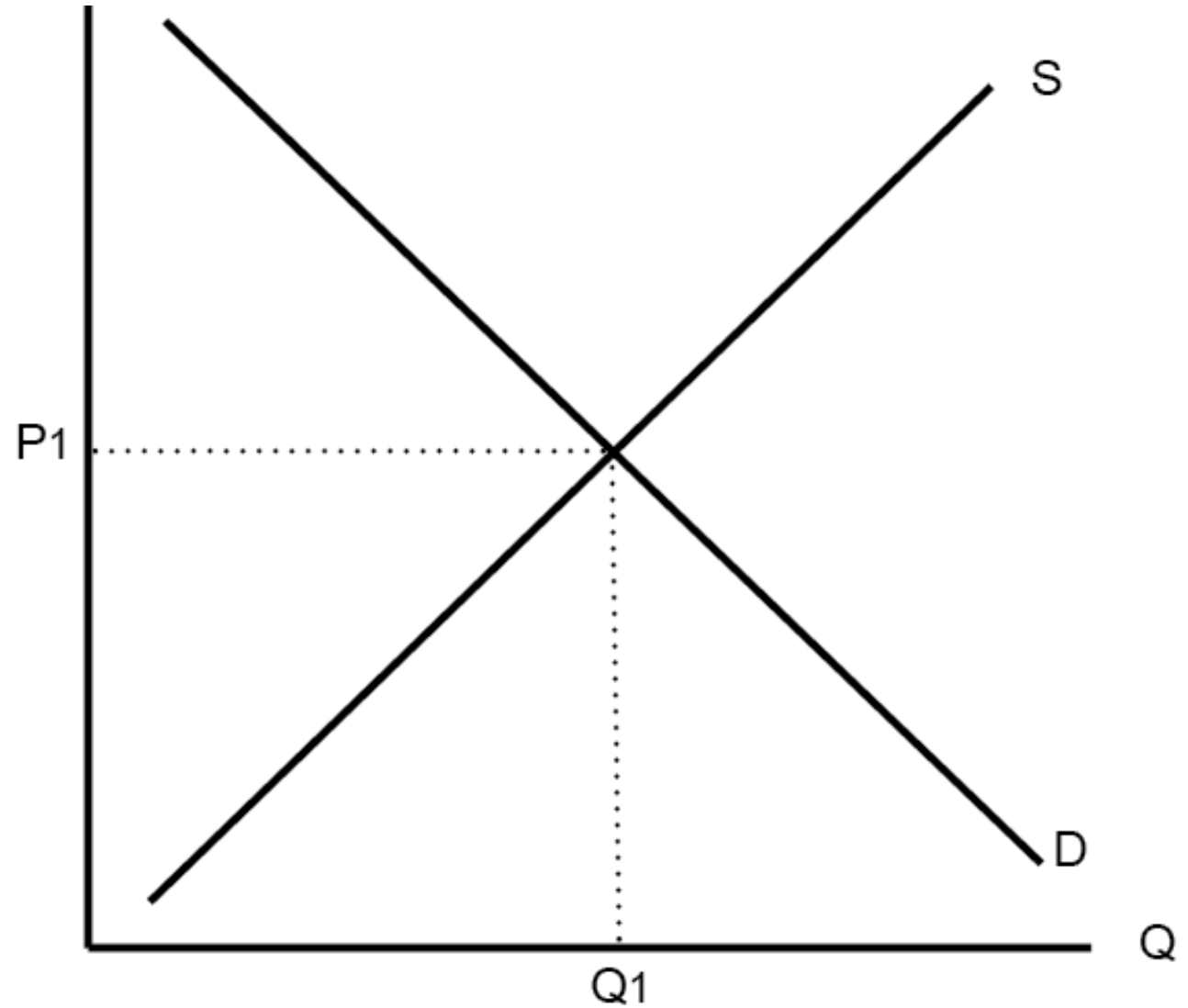
How does the company decide to allocate capital

How does the government spend the surplus

Etc.

Microeconomics

Microeconomics mainly studies the **supply** and **demand** relationship between a single market or two markets

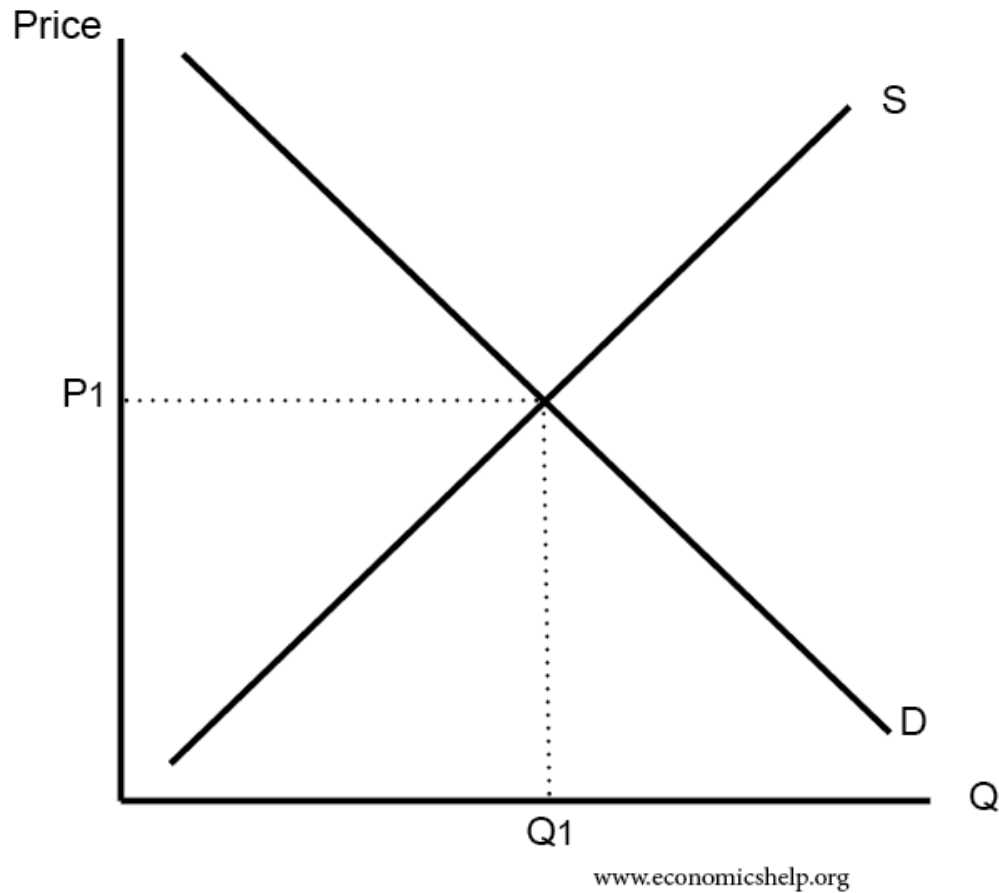


Microeconomics

Demand As the quantity of supply increases, consumers are willing to pay lower and lower prices. Because every time you spend, you get less and less satisfied.

Supply As the quantity demanded increases, producers will sell their products at a higher price. Because the producers will join because of the profit, but the resources are limited, so the production cost will be higher and higher in the short term.

Microeconomics



As the chart shows, supply and demand will reach equilibrium under the market's self-regulation (commonly known as the economist's third leg, cross out, the invisible hand). We call the point where supply and demand intersect (P_1, Q_1) as the equilibrium point

MICROECONOMICS



Microeconomics

However, the equilibrium of the market changes with changes in supply and demand, and this is the most common change in microeconomics

Microeconomics

The understanding of microeconomics is conducive to a deep understanding of market reflexivity, that is, the self is affected by the self. To further operate all kinds of markets, such as stock market, futures market and other markets have certain help.

In addition, It can also understand the decision-making methods of some businesses and enterprises, which is conducive to a profound understanding of finance and an effective understanding of savings and other financial behaviors in daily life.



Microeconomics to the country

Microeconomics Importance



1. The state regulates the microeconomy as the maker and maintainer of the order of economic activities.



2. The state is the arbiter of implementing the rules of economic activities to regulate and manage market transactions and market operation process.



3. The state regulates and guides the microeconomic process as the regulator of the economic process.



4. The state is a direct participant in microeconomic activities to control the microeconomy.

The inevitability of state regulation of micro economy

The characteristics of public goods require the state to provide public goods.

Because of market incompleteness, imperfection, information asymmetry and the existence of external effects and other market failure problems can not be overcome by the market itself.

In order to avoid the market economy running into unregulated state, it is necessary for the state to adopt public supply, public guidance and public management to adjust the micro-economy, so as to make up for the market failure.



Micro economy in the stock market

Micro economy in the stock market

The stock market has a great influence on the micro-economy, and the micro-economy also has a great influence on the stock market. The relationship between the two is mutual.

Microeconomy is composed of each individual and independent enterprise, while listed companies are the most representative elite enterprises selected from numerous enterprises, so the operation of listed companies and the stock market are mutually affected.

Micro economy in the stock market



Microeconomy refers to the operation of a single enterprise or business unit, and the listed company is an independent single business entity. The financing, refinancing and economic barometer of listed companies will directly affect the stock market.

Microeconomics for Individuals

Microeconomics deals with the behavior, decision-making minds, thoughts and methods of firms and individuals in the marketplace. And it is an objective factor to adjust the market.

Microeconomics for Individuals

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Microeconomics in life

The theory of microeconomics is extracted from daily life, so the behavior of people in daily life must imply the theory of microeconomics.



Microeconomics in life



When buying consumer goods, microeconomics can help us analyze consumer decisions based on the basic trends of the economy and the peak season of sales.



Microeconomics can understand people's economic practices and help them make rational decisions,



such as how much of their income can be spent, how much can be saved and how much can be managed.



What balance sheet, cash flow and profit should be maintained to keep the company running.



Etc.