

- As my dad's income increases from Y to Y1, we would go on more holidays (luxury good) because we can now afford them. This is the reason why there is a movement along the curve from Q to Q2.
- Normal goods are goods whose consumption increases with an increase in income. A good example of a normal good is the type of clothes i buy. When I go to college and my income is low, i may shop at a local store like Carrefour for my clothing. However, after i complete my degree, and when I am making a lot of money, I am more likely to buy more expensive clothes from retailers in a shopping mall. In other words, my consumption increases as my income increases as i buy more expensive clothing. The movement along the curve is from Q to Q1.
- We would consume less margarine as they are inferior goods and now we can afford expensive goods. This is shown by a shift from Q to Q3.

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