

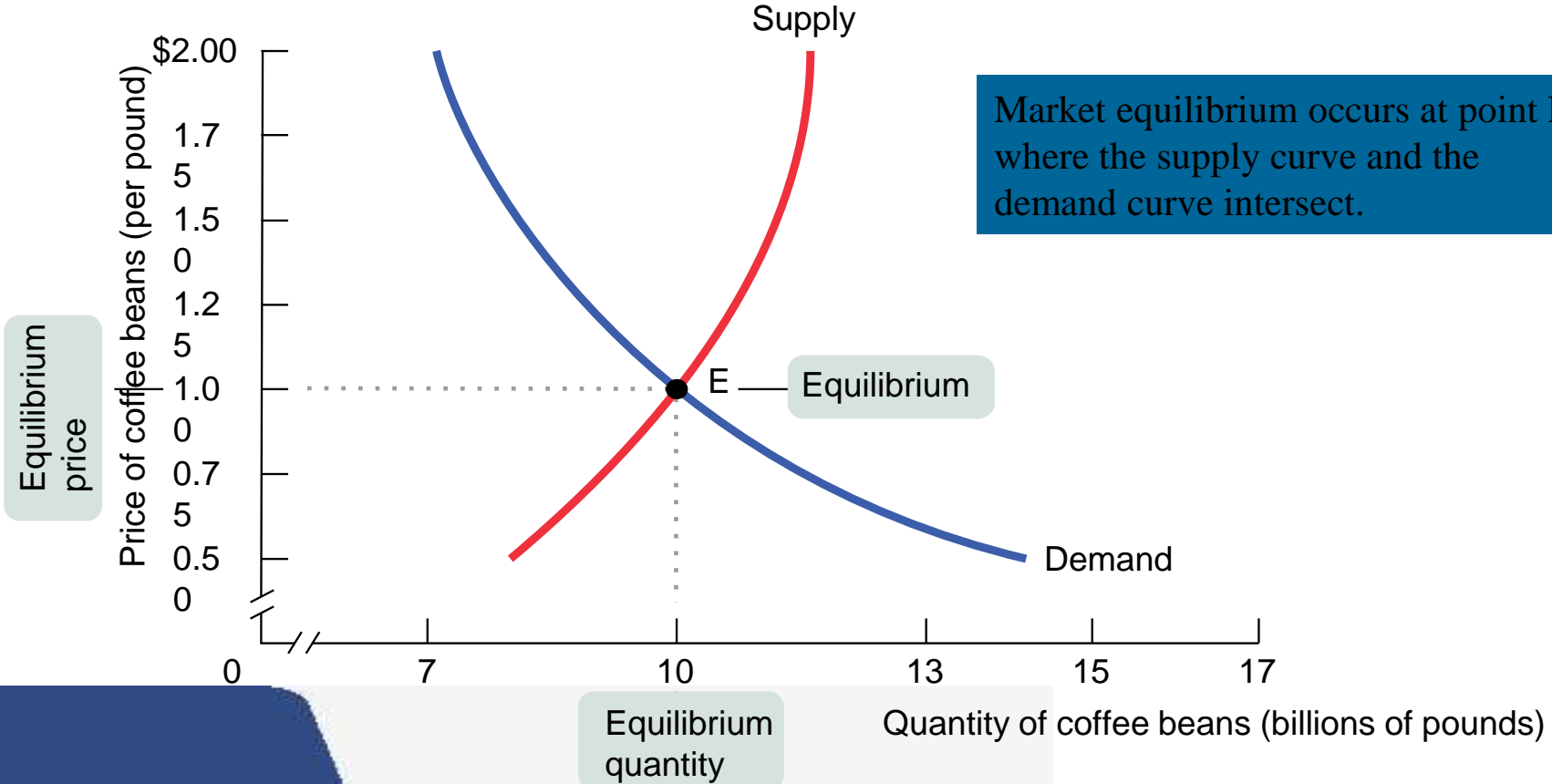
Introduction to Mathematics

Applications of Linear Functions

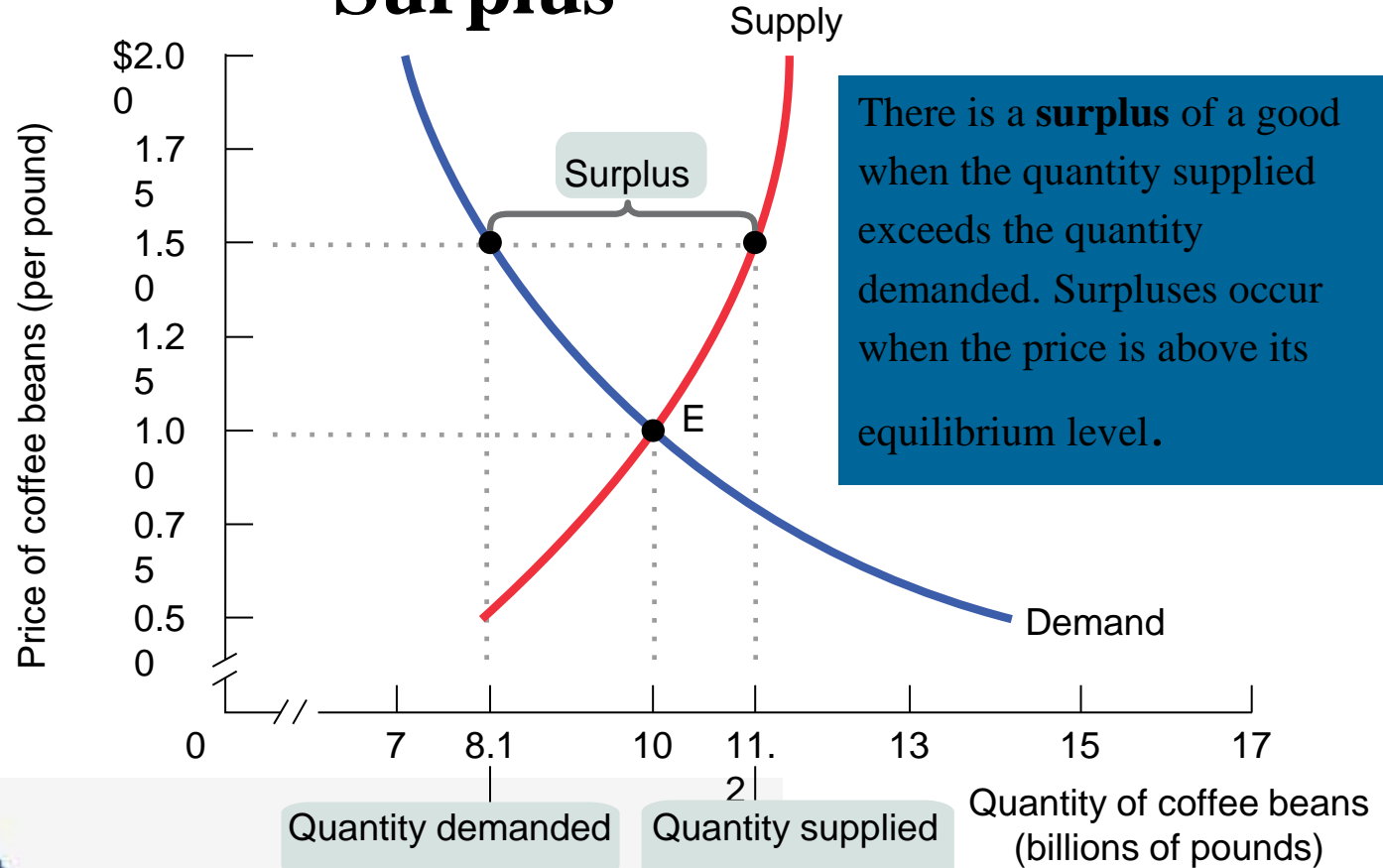
Supply, Demand and Equilibrium

- ☐ Equilibrium in a competitive market: when the quantity demanded of a good equals the quantity supplied of that good.
- ☐ The price at which this takes place is the equilibrium price (a.k.a. market-clearing price):
- ☐ Every buyer finds a seller and vice versa.
- ☐ The quantity of the good bought and sold at that price is the equilibrium quantity.

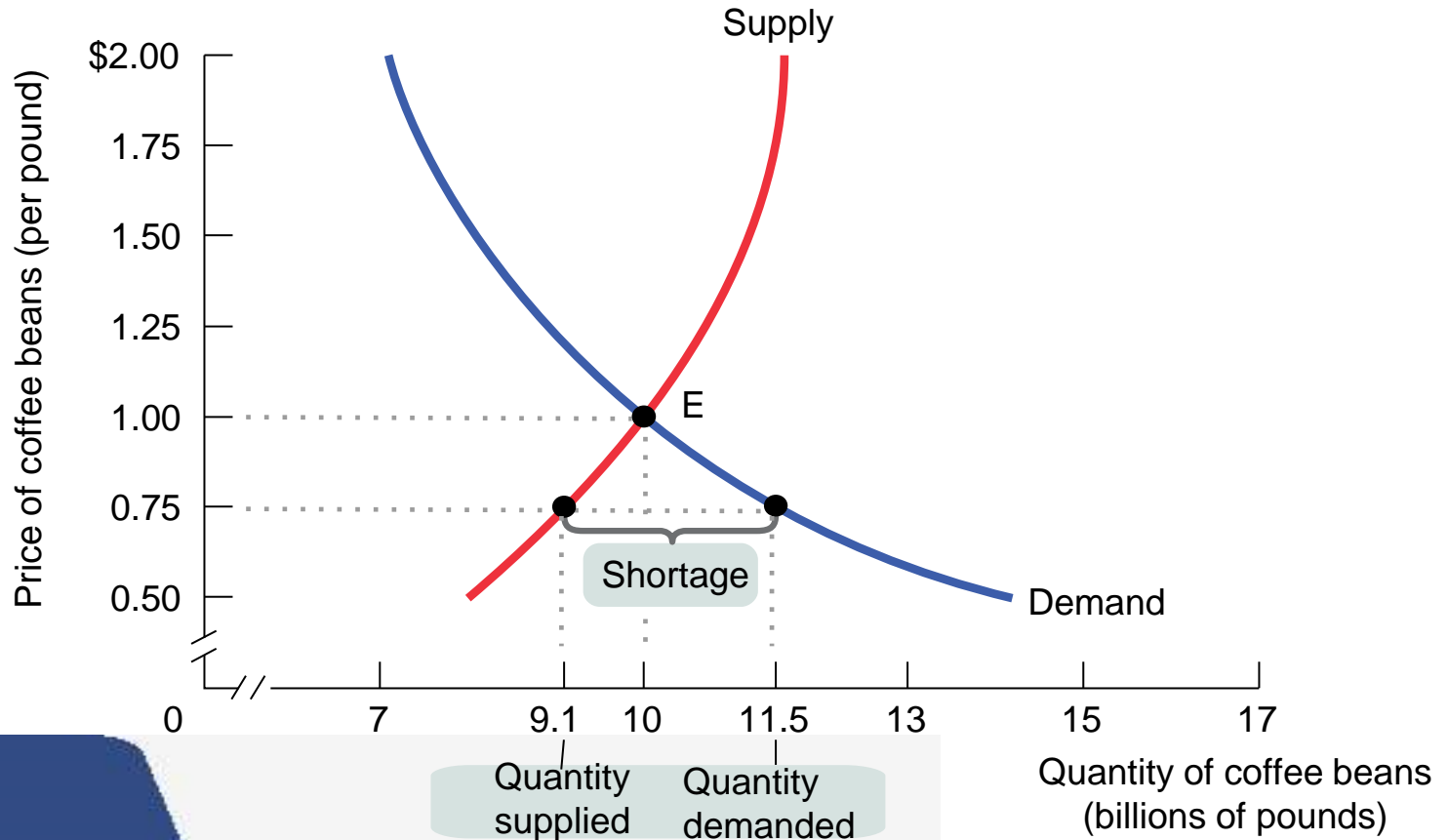
Market Equilibrium



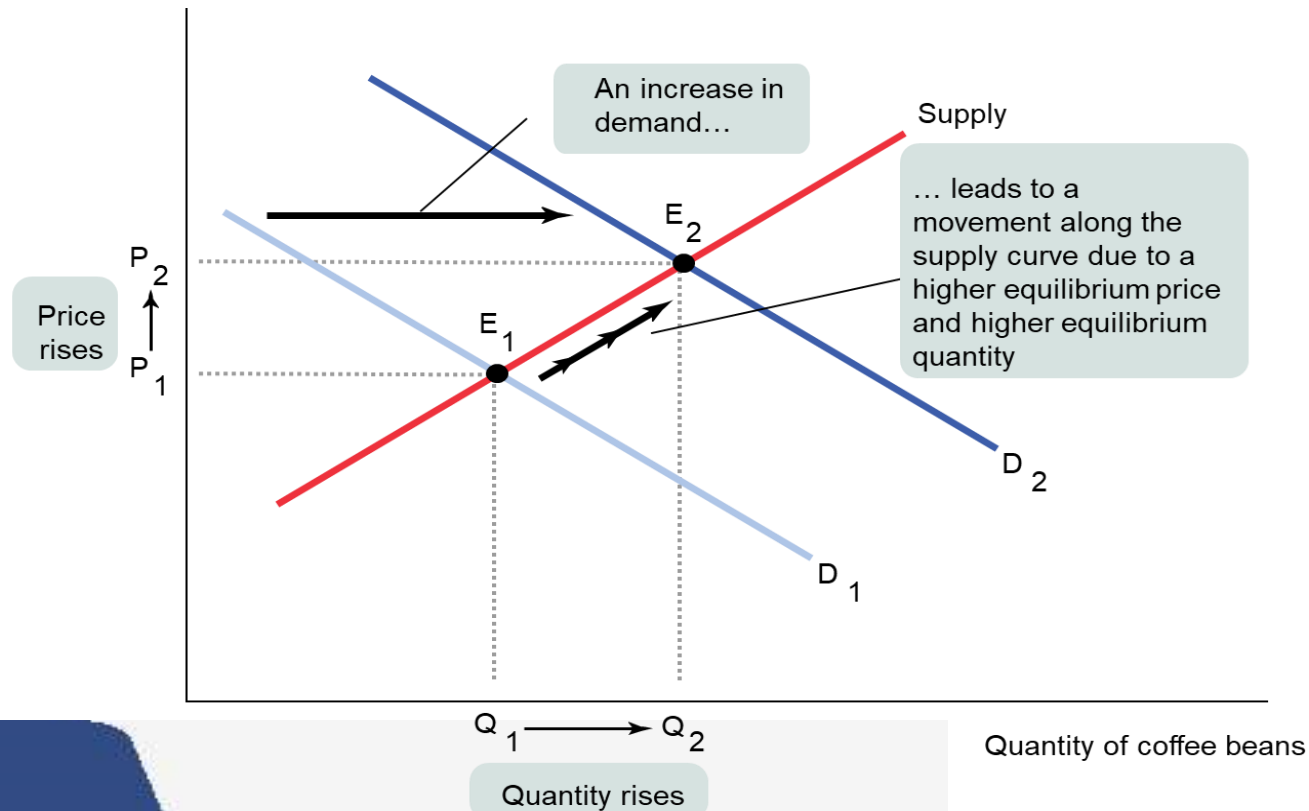
Surplus



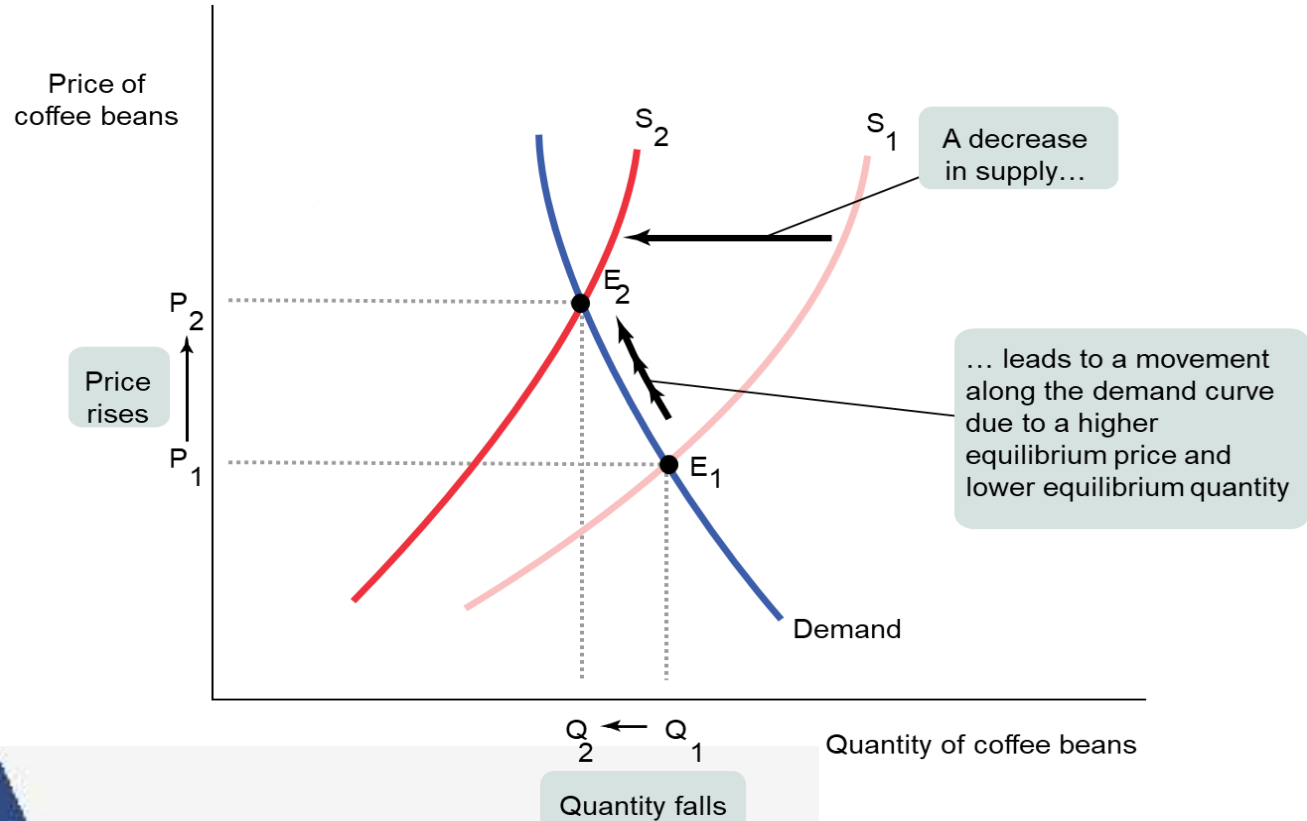
Shortage



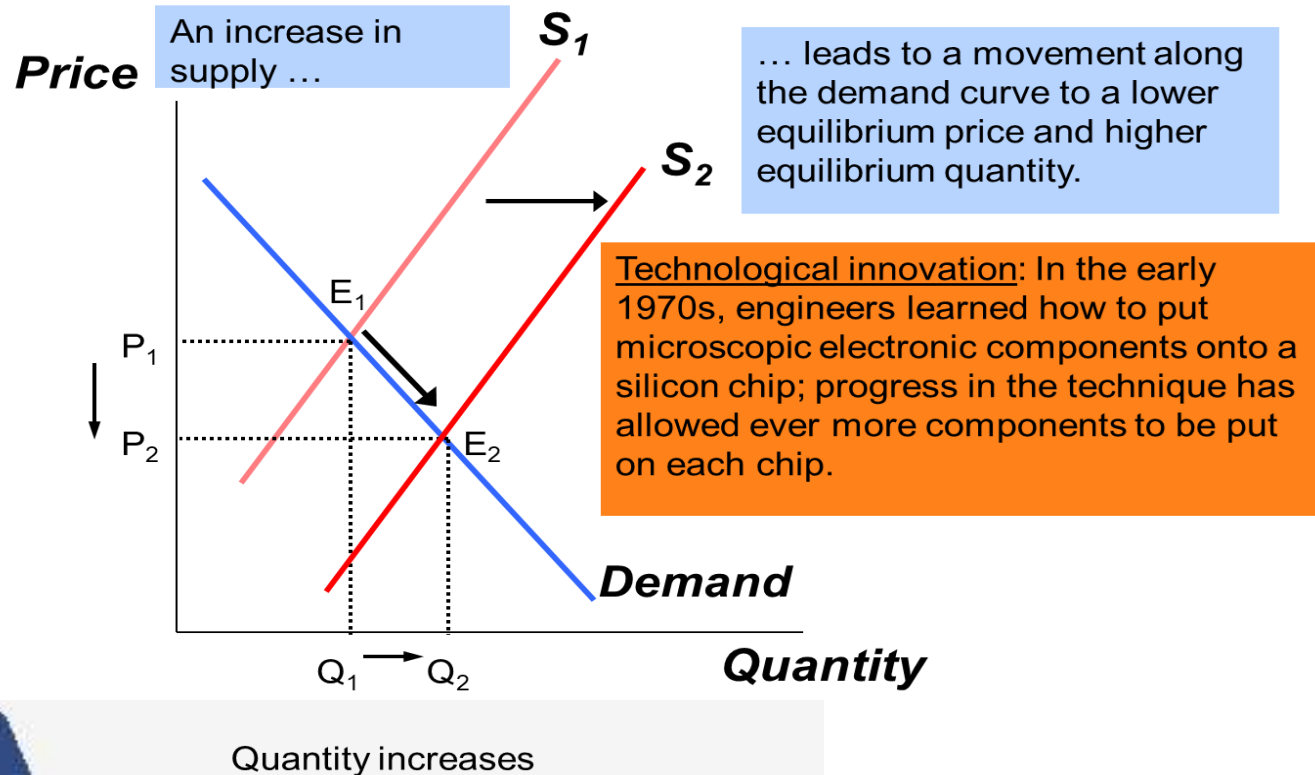
Equilibrium and Shifts of the Demand Curve



Equilibrium and Shifts of the Supply Curve

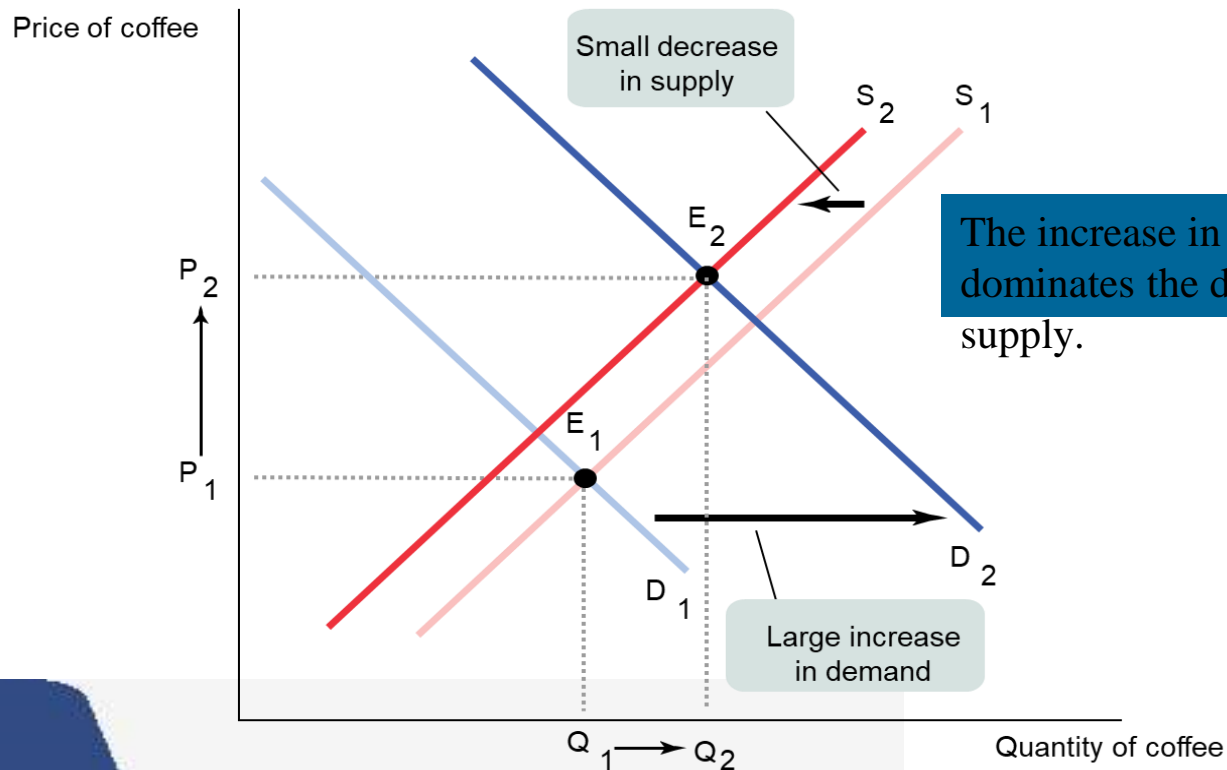


Technology Shifts of the Supply Curve



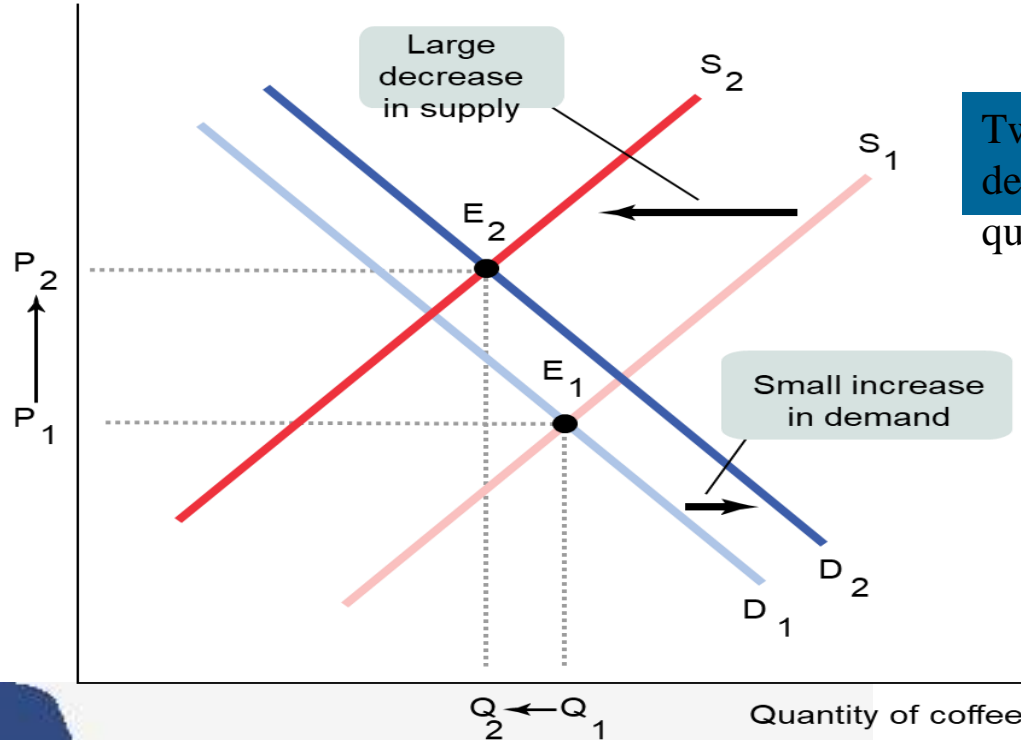
Simultaneous Shifts of Supply and Demand

(a) One possible outcome: Price Rises, Quantity Rises



Simultaneous Shifts of Supply and Demand

Price of coffee



Two opposing forces determining the equilibrium quantity.

Simultaneous Shifts of Supply and Demand

We can make the following predictions about the outcome when the supply and demand curves shift simultaneously:

<i>Simultaneous Shifts of Supply and Demand</i>	Supply Increases	Supply Decreases
Demand Increases	<u>Price</u> : ambiguous <u>Quantity</u> : up	<u>Price</u> : up <u>Quantity</u> : ambiguous
Demand Decreases	<u>Price</u> : down <u>Quantity</u> : ambiguous	<u>Price</u> : ambiguous <u>Quantity</u> : down

YouTube Link

https://www.youtube.com/watch?v=yPELwXY_wbY

Thank you

Question Answers Session

IQRA UNIVERSITY