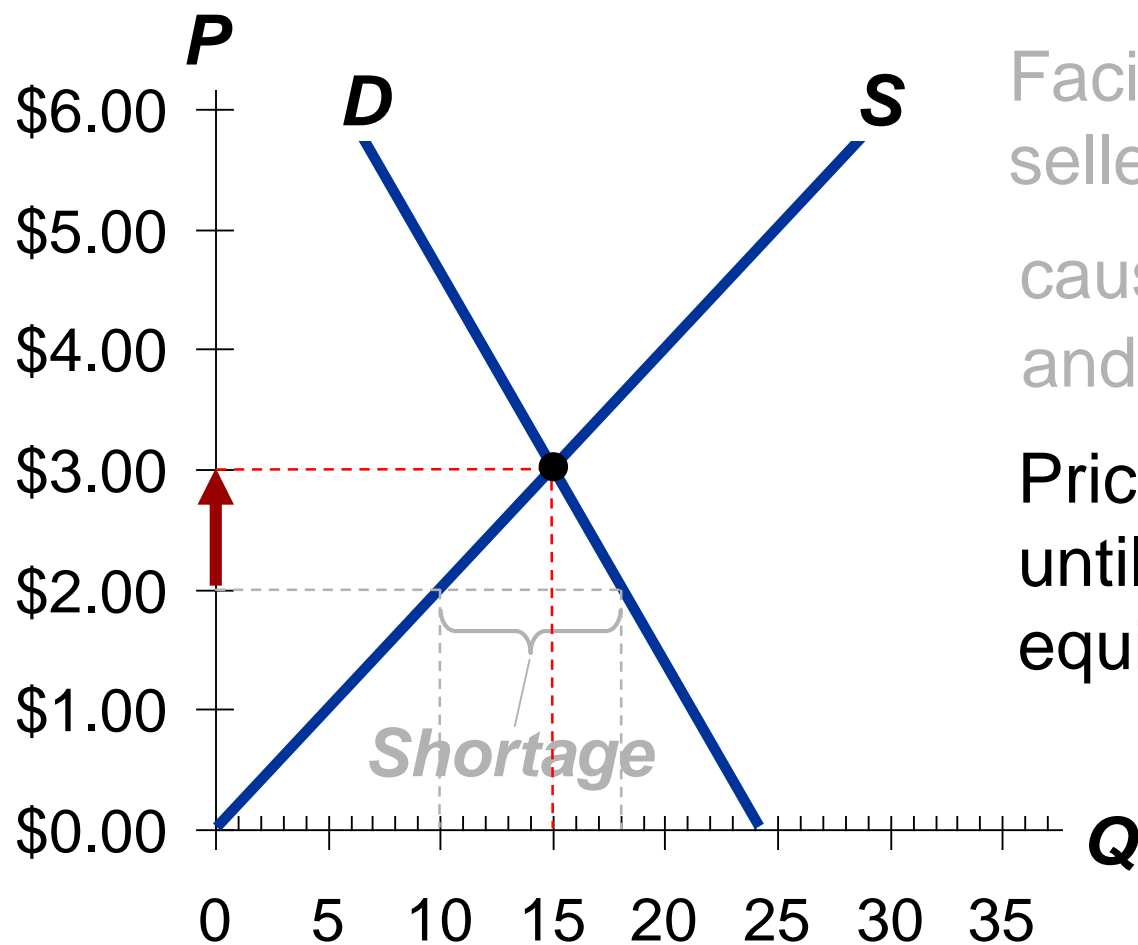


## Shortage (a.k.a. excess demand):

when quantity demanded is greater than quantity supplied



Facing a shortage, sellers raise the price, causing  $Q^D$  to fall and  $Q^S$  to rise.

Prices continue to rise until market reaches equilibrium.