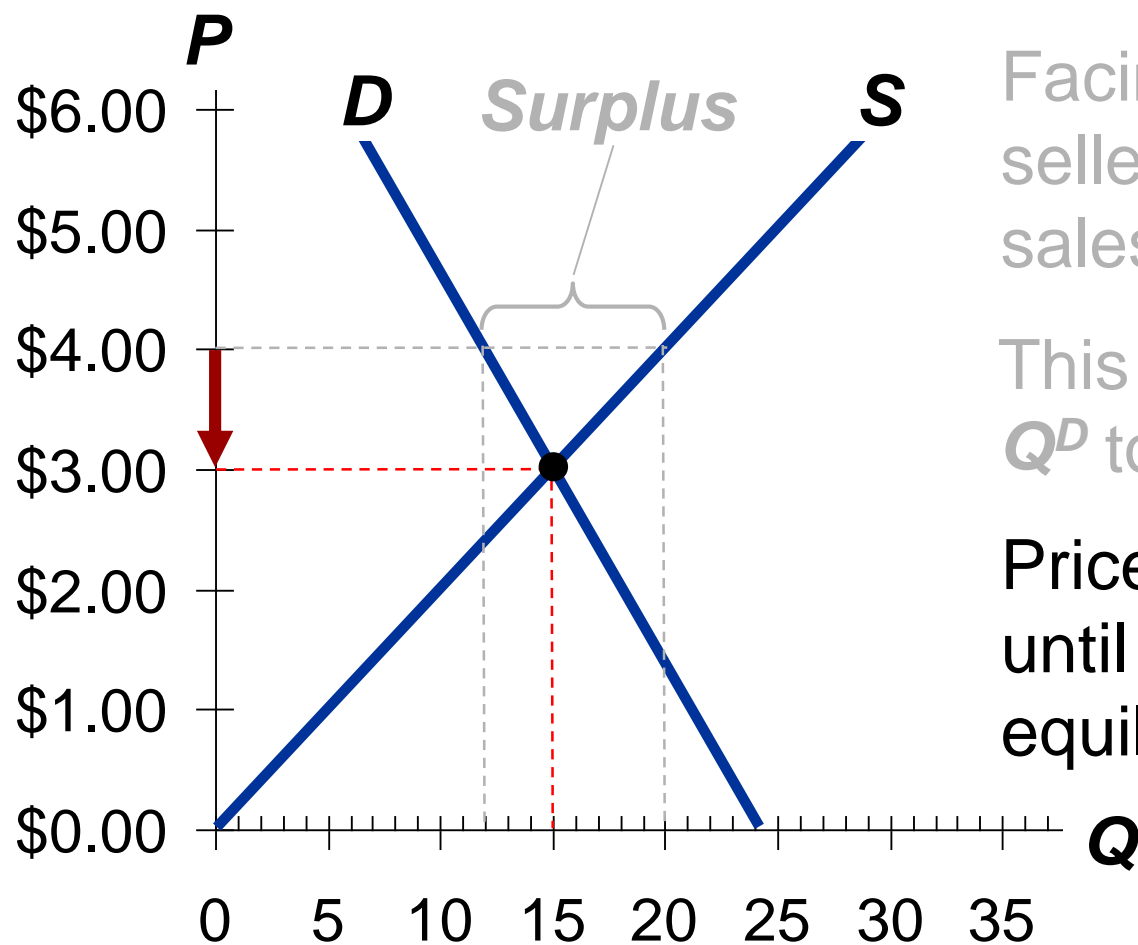


Surplus (a.k.a. excess supply):

when quantity supplied is greater than quantity demanded



Facing a surplus, sellers try to increase sales by cutting price.

This causes Q^D to rise and Q^S to fall.

Prices continue to fall until market reaches equilibrium.