



If the price is \$320 is the market in equilibrium?

Will there be a surplus or a shortage?

If so, what is the size of the surplus or shortage?

What do you expect will happen to the price?

What price do you predict for this market?

320

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10

Q^d



30

Q^s



Surplus

No

30 - 10 = 20 units

Sellers will bid the price down

Sellers will bid the price down until the
price equals $P_e = 300$

Surplus

Pe

=

3000

20

Q_e



If the price is \$320 is the market in equilibrium?

Will there be a surplus or a shortage? **Surplus**

If so, what is the size of the surplus or shortage?

$$30 - 10 = 20 \text{ units}$$

What do you expect will happen to the price?

Sellers will bid the price down

What price do you predict for this market?

Sellers will bid the price down until the price equals $P_e = 300$

No



