

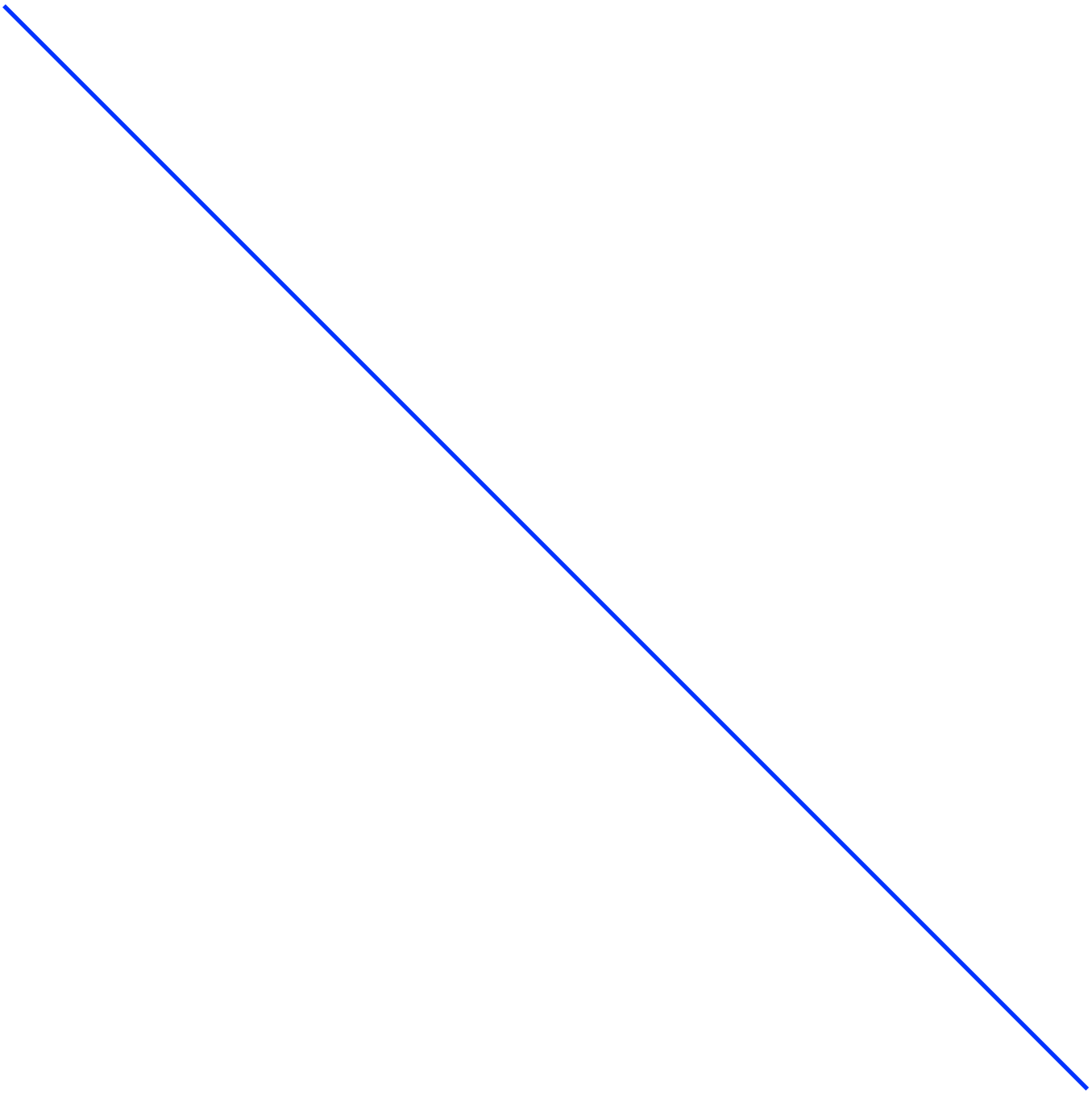


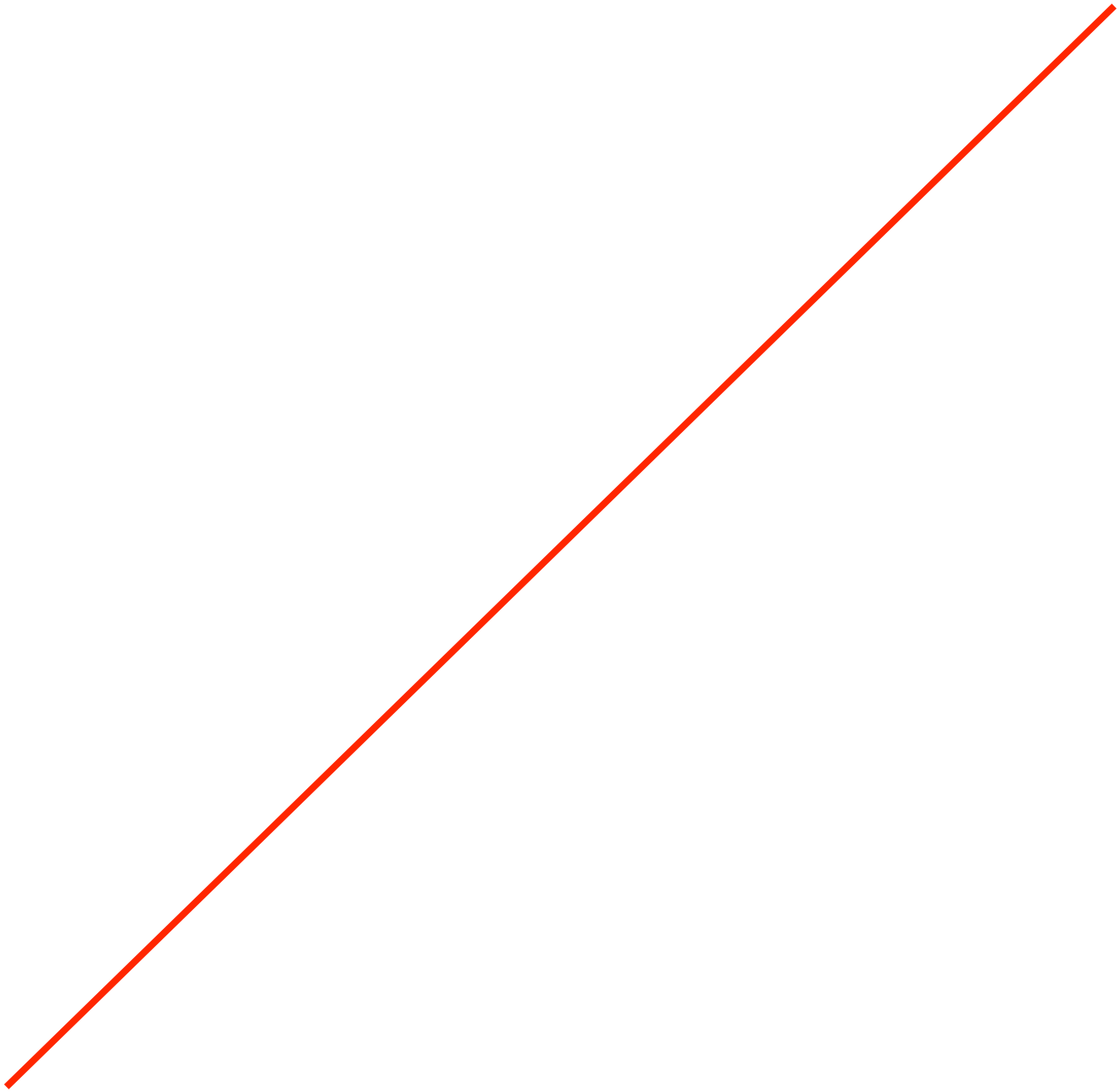
# Price





Number of units buyers  
want to buy at different  
prices





Number of units Suppliers  
want to sell at different  
prices



100

25



# Demand

Supply

# Excess Demand

75 units

# Market Forces: The Supply and Demand Model

$Q_s$

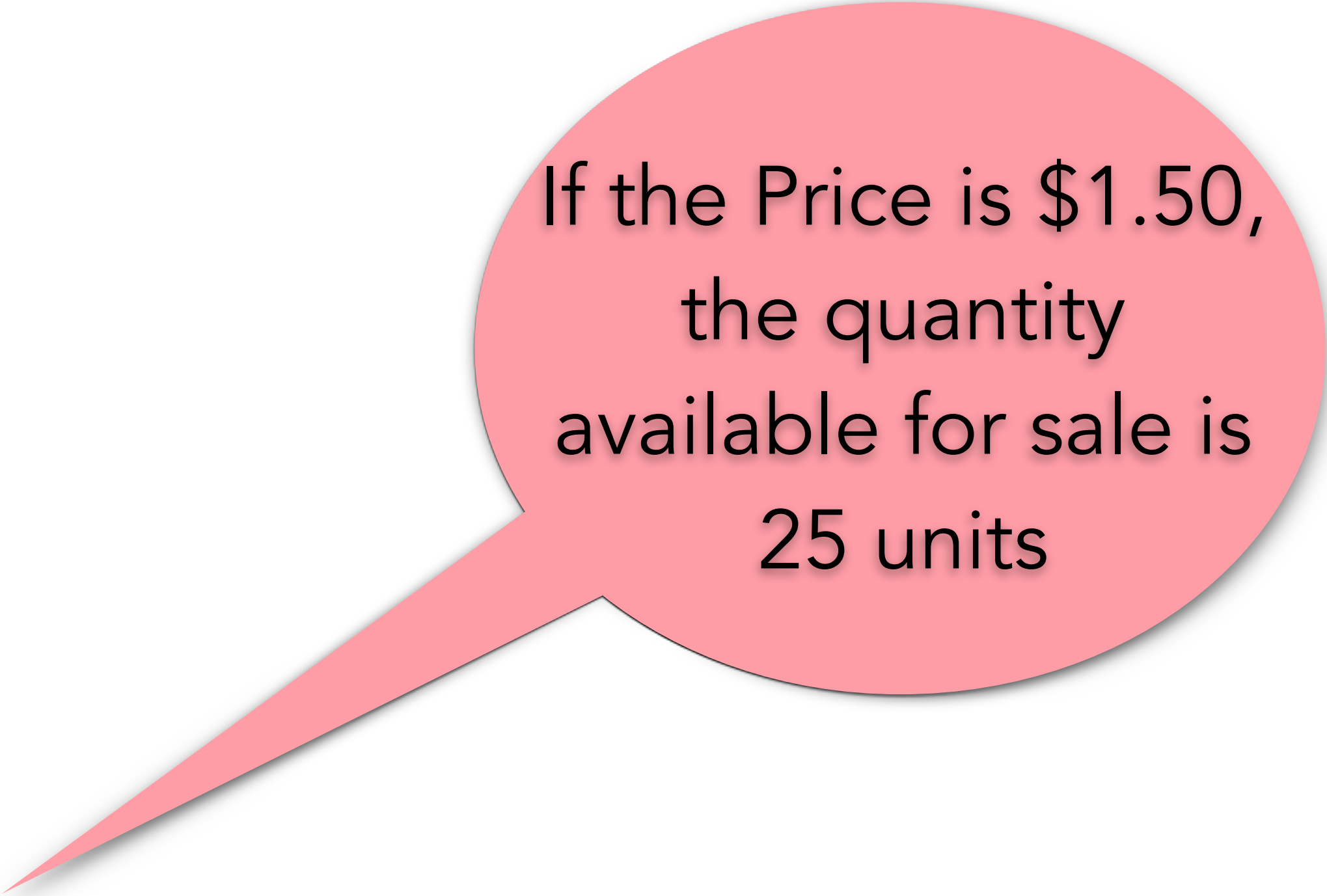


$Q_d$

\$1.50



# Quantity



If the Price is \$1.50,  
the quantity  
available for sale is  
25 units

\$1.50

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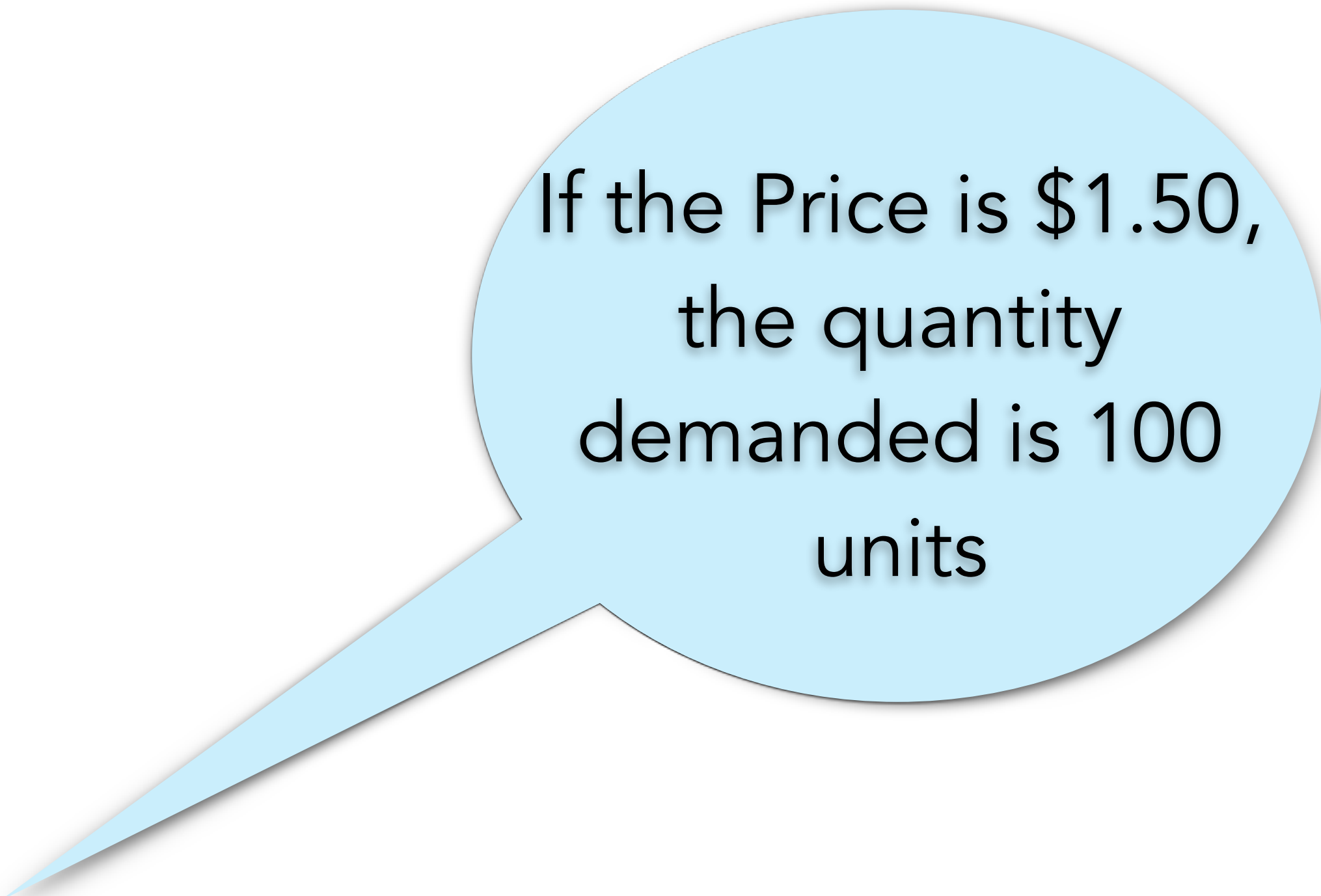
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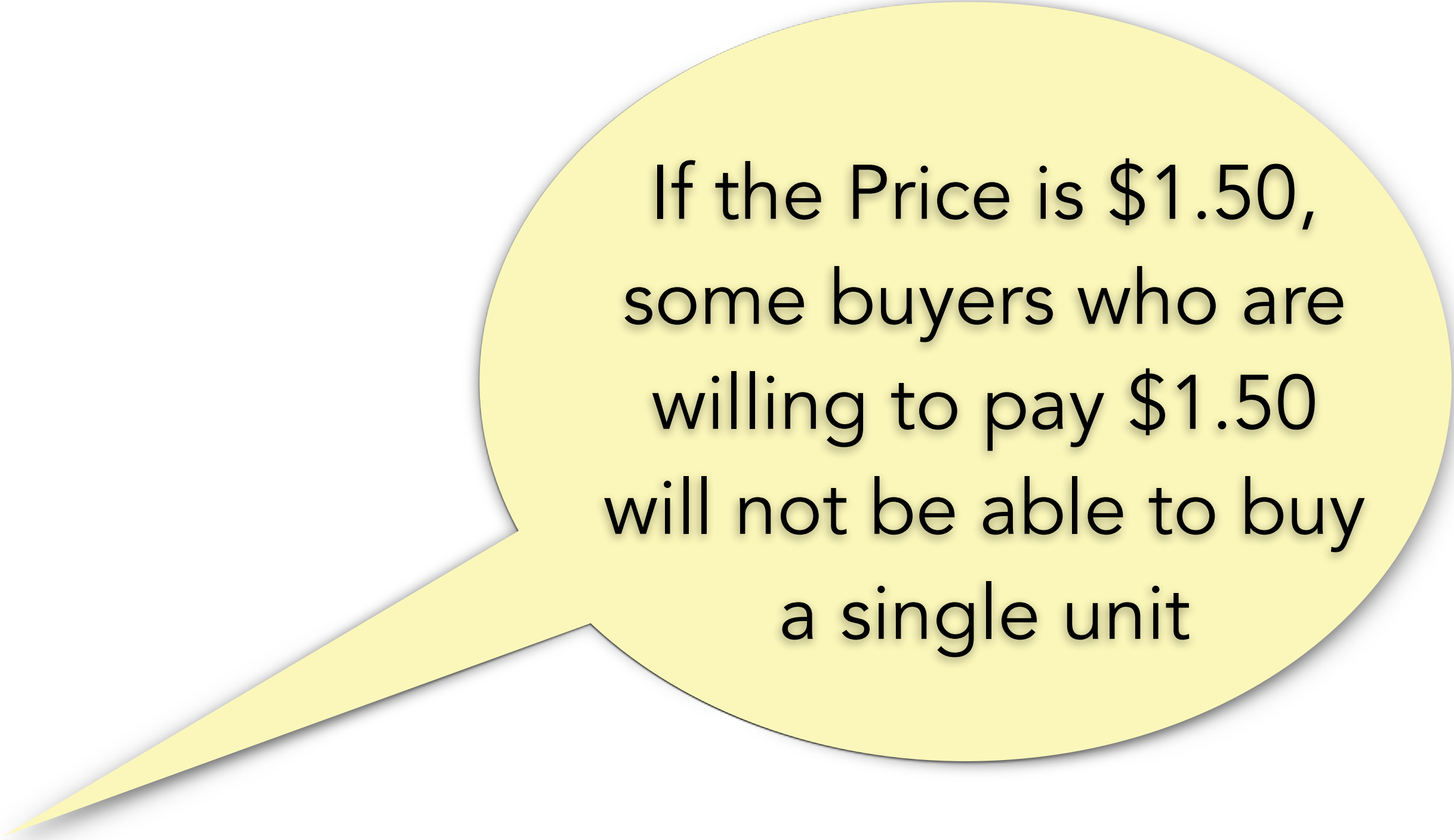
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If the Price is \$1.50,  
the quantity  
demanded is 100  
units



If the Price is \$1.50,  
some buyers who are  
willing to pay \$1.50  
will not be able to buy  
a single unit





Shontage

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5







b





2

b



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**b**

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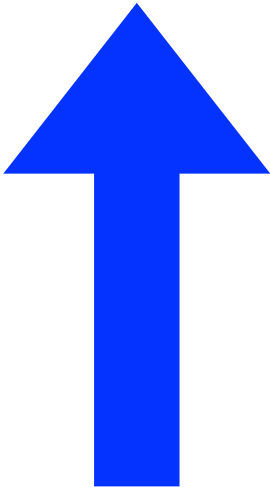
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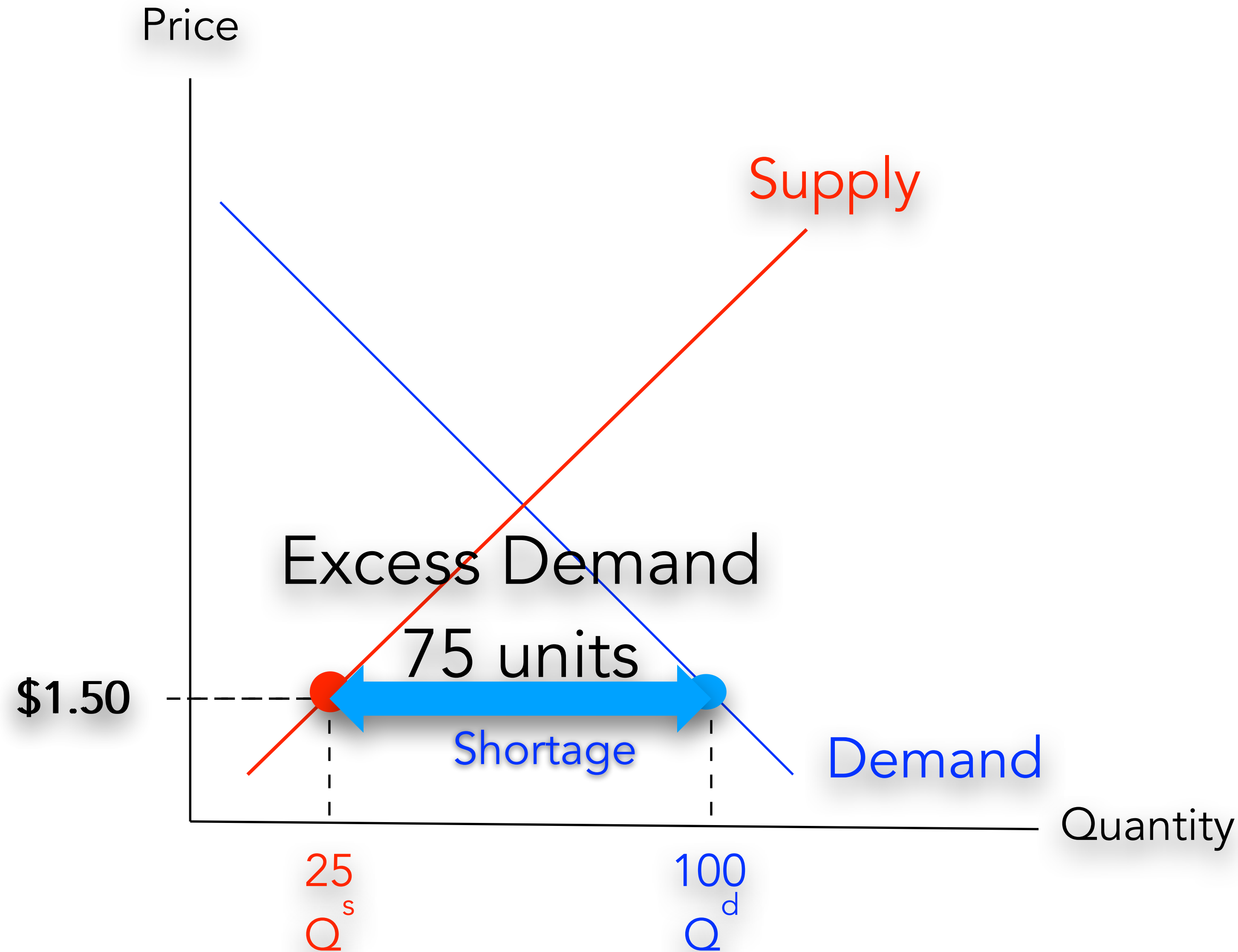
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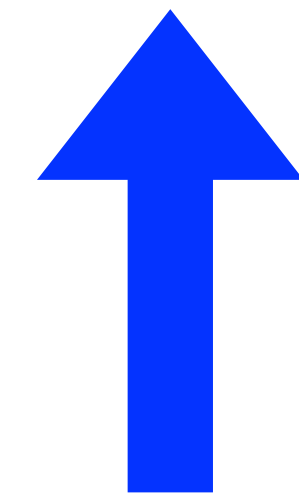
Buyers will offer more than  
\$1.50 to be able to buy  
some units



# Market Forces: The Supply and Demand Model



Buyers "bid" the price up



Buyers will offer more than \$1.50 to be able to buy some units

# Market Forces: The Supply and Demand Model

