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Surplus



Event 1: The "stay home" order
dramatically reduce the use of automobiles



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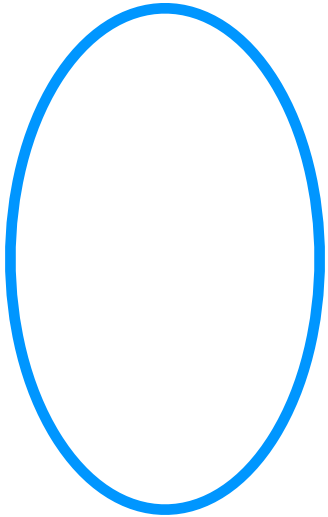
The decrease in Demand for gasoline would push price down and quantity of gasoline bought and sold will decrease

The decrease in Supply of gasoline would
push price up and quantity of gasoline
bought and sold will decrease

If these two events happen
at the same time:

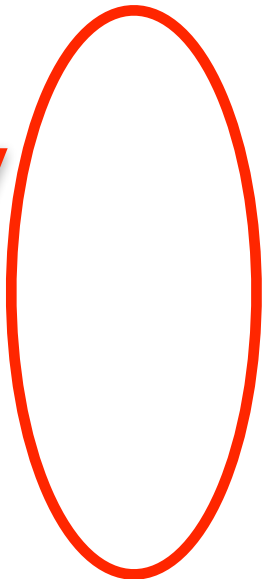


Quantity will definitely drop



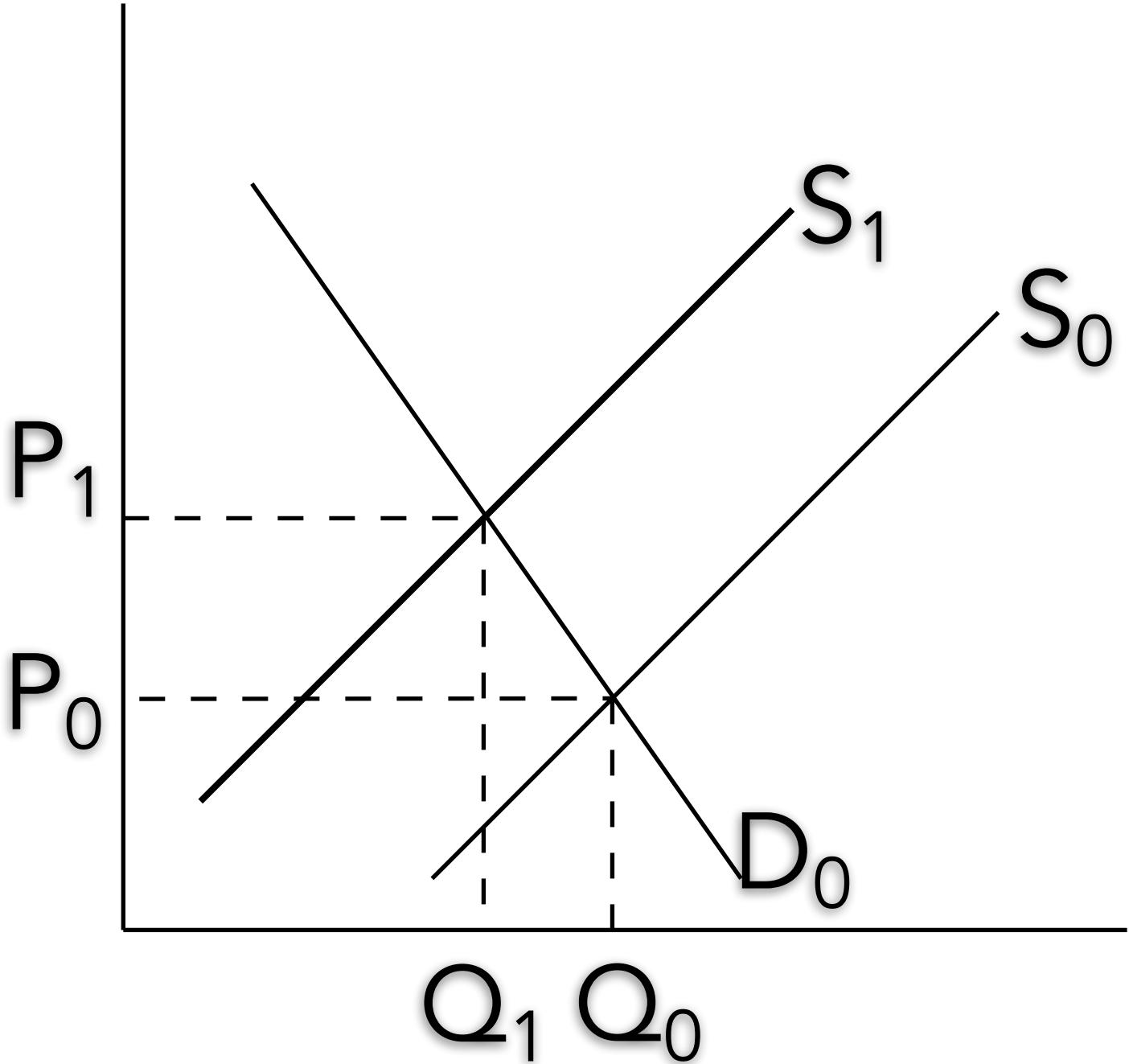
Price may
go down

Price may
go up



Or...these two
cancel each other
and the Price
stays the same

The Effect of these two
events on Price is unknown











Shortage



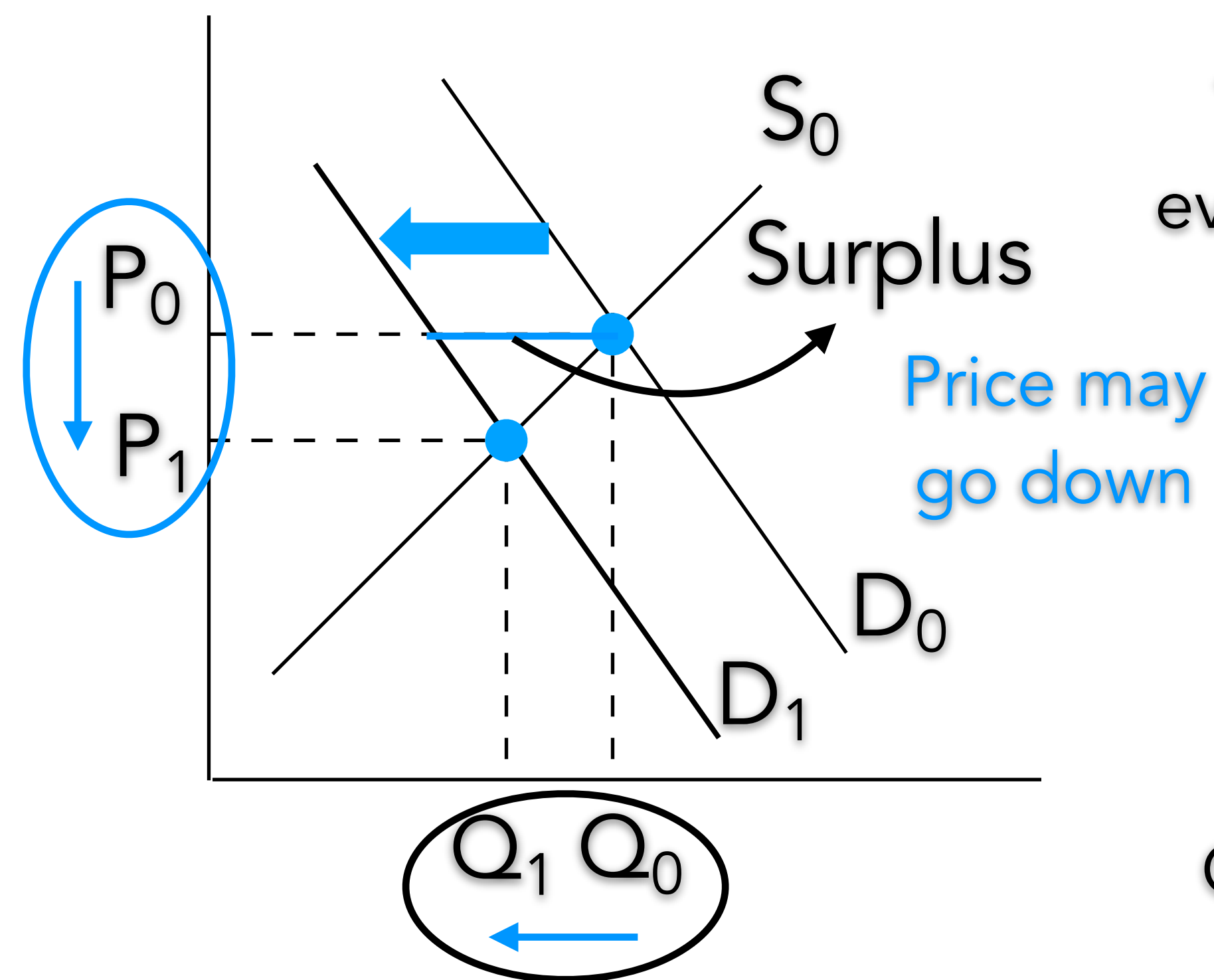
Demand for oil decrease: A
leftward shift

Event 2: oil producing countries
agree to reduce oil production

Supply of oil decrease: A
leftward shift

Event 1: The “stay home” order dramatically reduce the use of automobiles

Demand for oil decrease: A
leftward shift



The decrease in Demand for gasoline would push price down and quantity of gasoline bought and sold will decrease

If these two events happen at the same time:

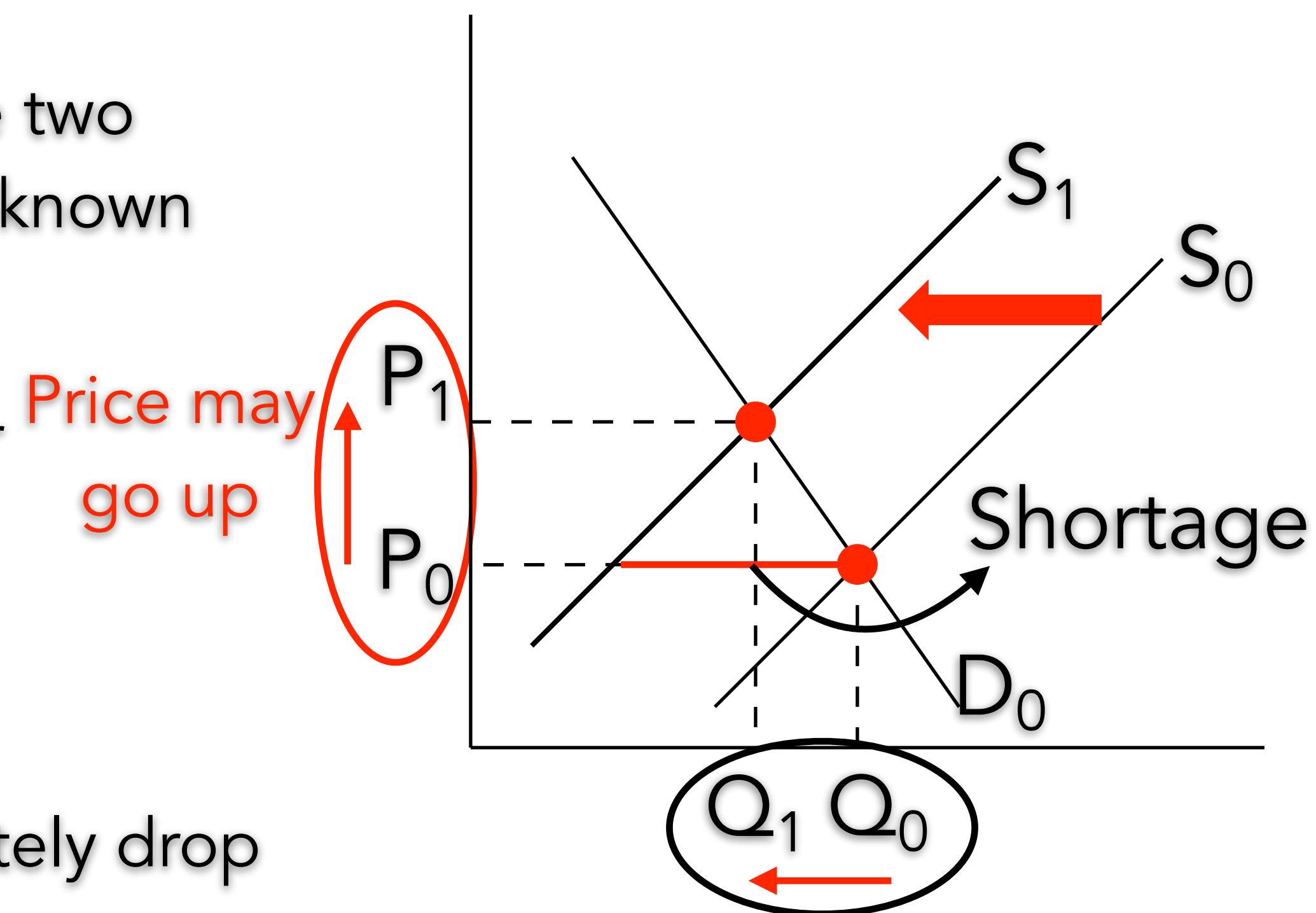
The Effect of these two events on Price is unknown

Or...these two cancel each other and the Price stays the same

Quantity will definitely drop

Event 2: oil producing countries agree to reduce oil production

Supply of oil decrease: A
leftward shift



The decrease in Supply of gasoline would push price up and quantity of gasoline bought and sold will decrease

What happens if Demand and Supply shift
at the same time?

