

The market for Coffee

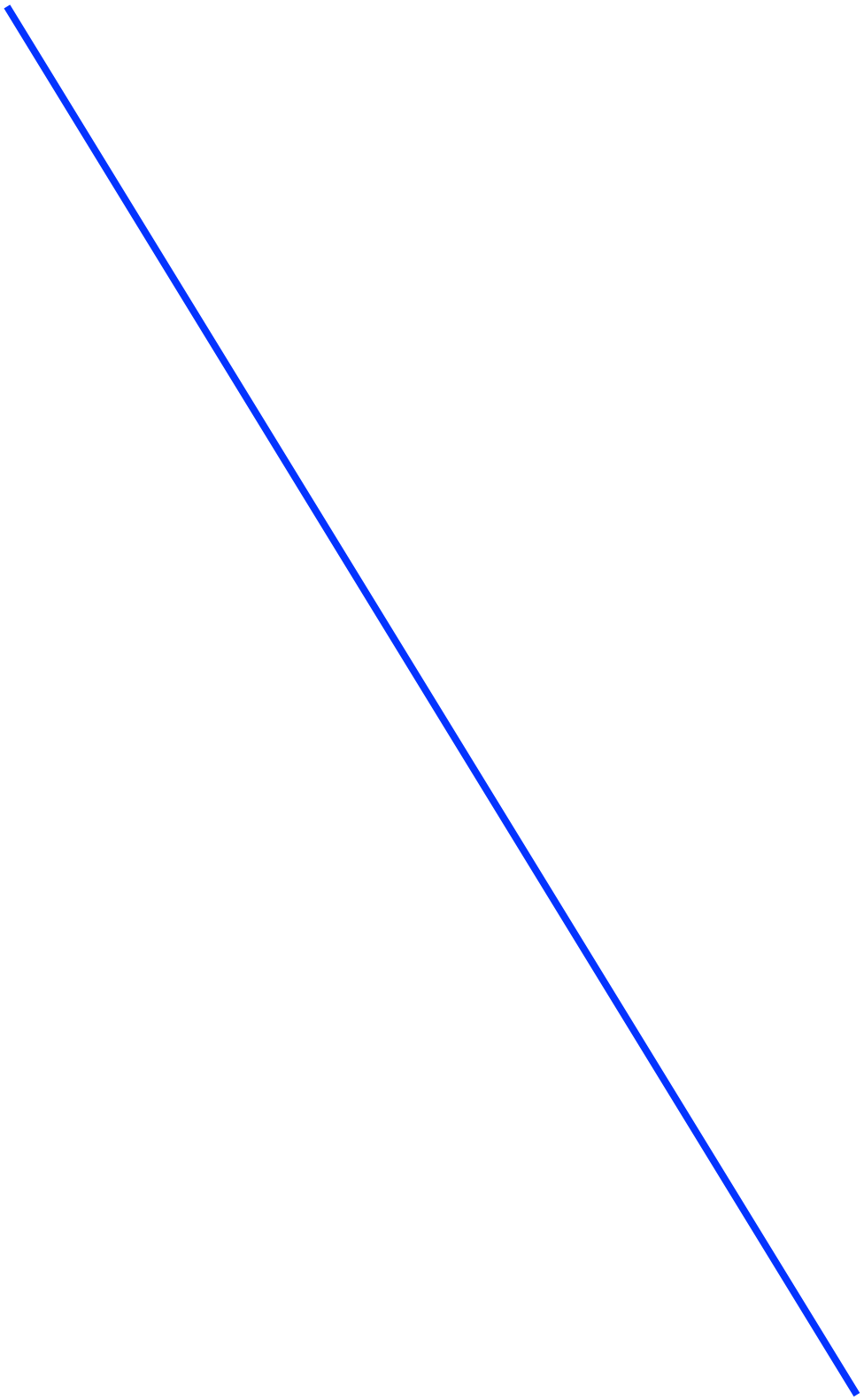
P



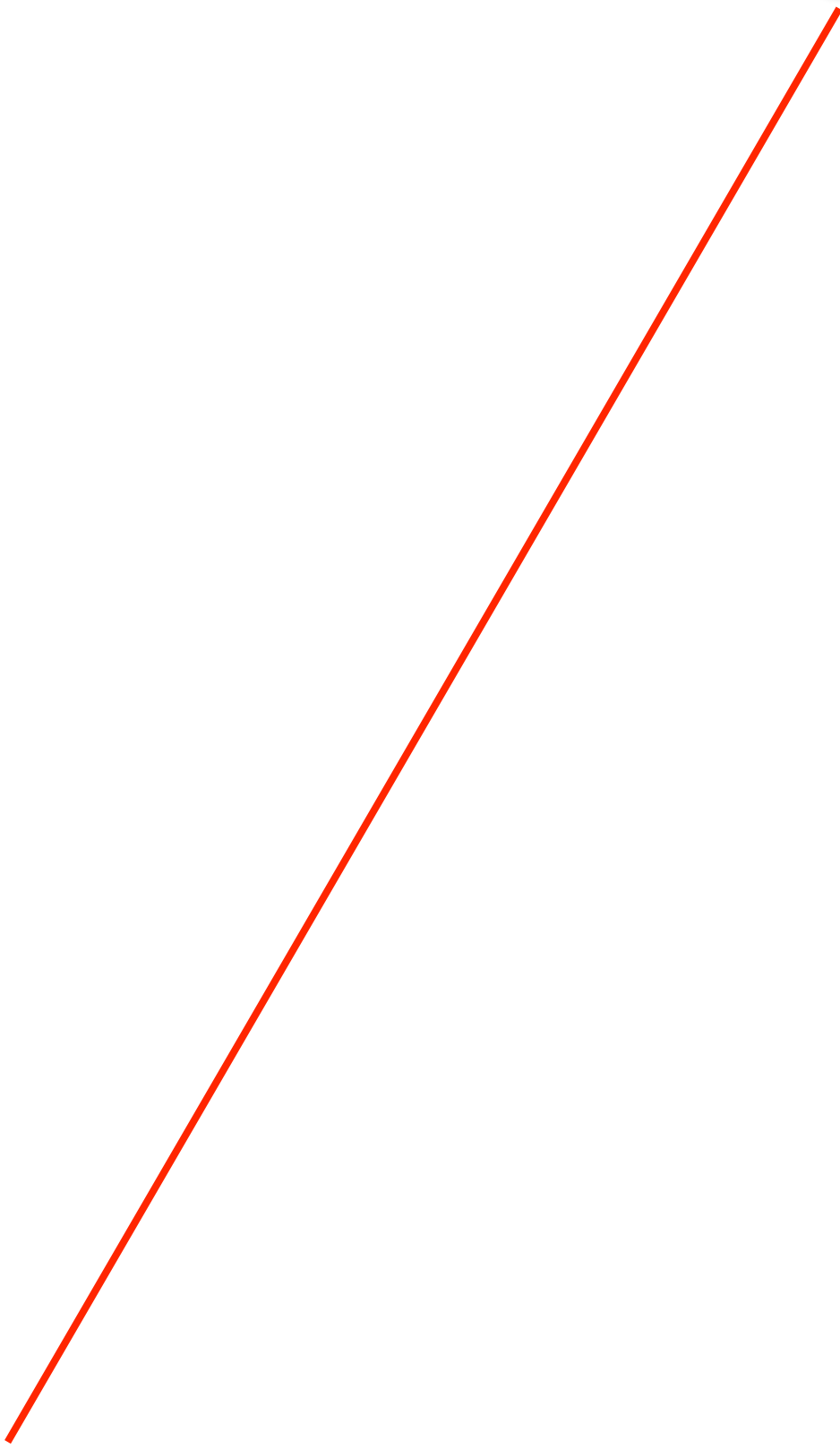








S_0



P_0



Q_0



S

U

P

P



Y











a

S





A





9

h



W

a



o

S

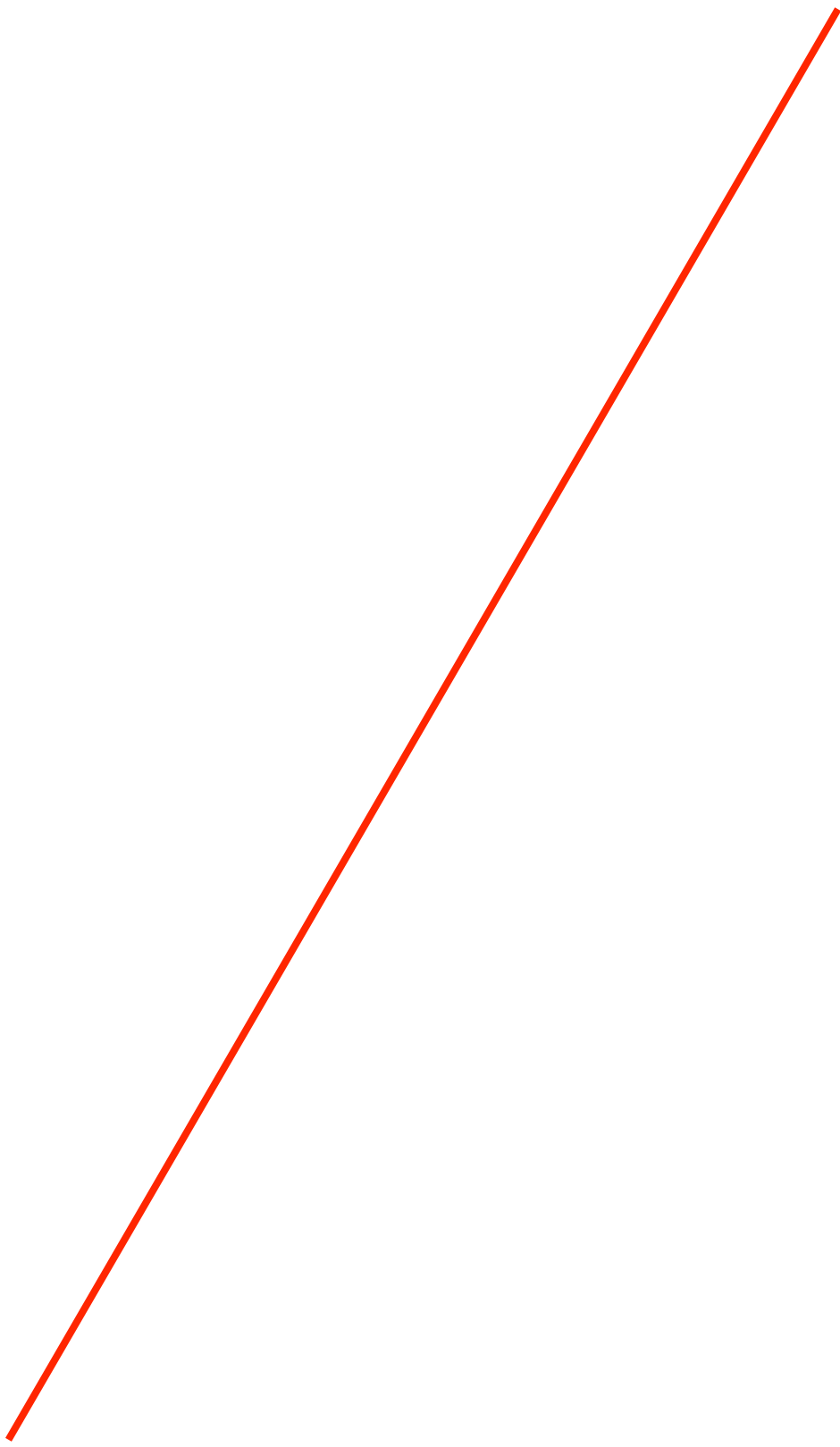
h



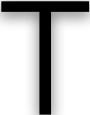




S_1











mm

a











S











9













u







b





u

mm

A





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9





a







u







b





u

mm













P











u

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9









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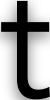
U

a









Y

o

e

m

a



o



o



Q^S



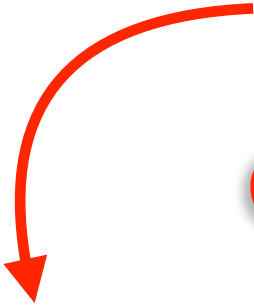
Q^d



P_1

—

Q_1



Q supplied
decreases



h







W

e



U







b





u

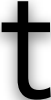
nn



u

2







Y



S

h



9

h









b

e

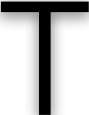






e











e

W





U







b





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Q







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Surplus



A pink speech bubble with a rectangular top and a triangular bottom pointing downwards. The text is centered within the bubble.

Sellers bid
price down

Q demanded
increases



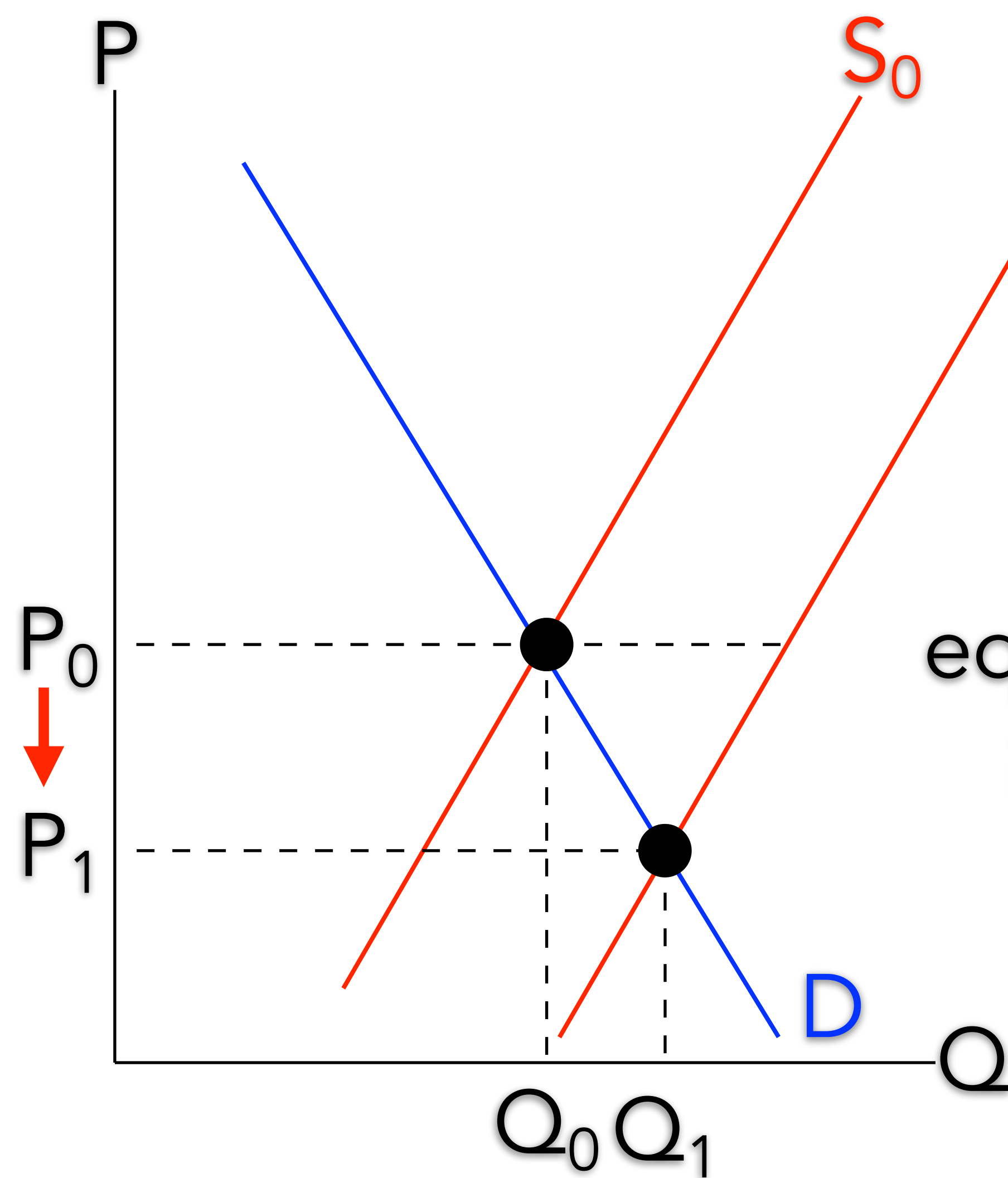
Supply increase: A rightward
shift

The market is no longer in
equilibrium

At the original equilibrium
price (P_0) the quantity
supplied is now larger than
the quantity demanded

The new equilibrium quantity is higher than before

The market for Coffee



Supply increase: A rightward shift

The market is no longer in equilibrium

The new equilibrium price is **lower** than before

At the original equilibrium price (P_0) the quantity **supplied** is now **larger** than the quantity **demanded**

→ The new equilibrium quantity is **higher** than before

Consider the market for Gasoline

