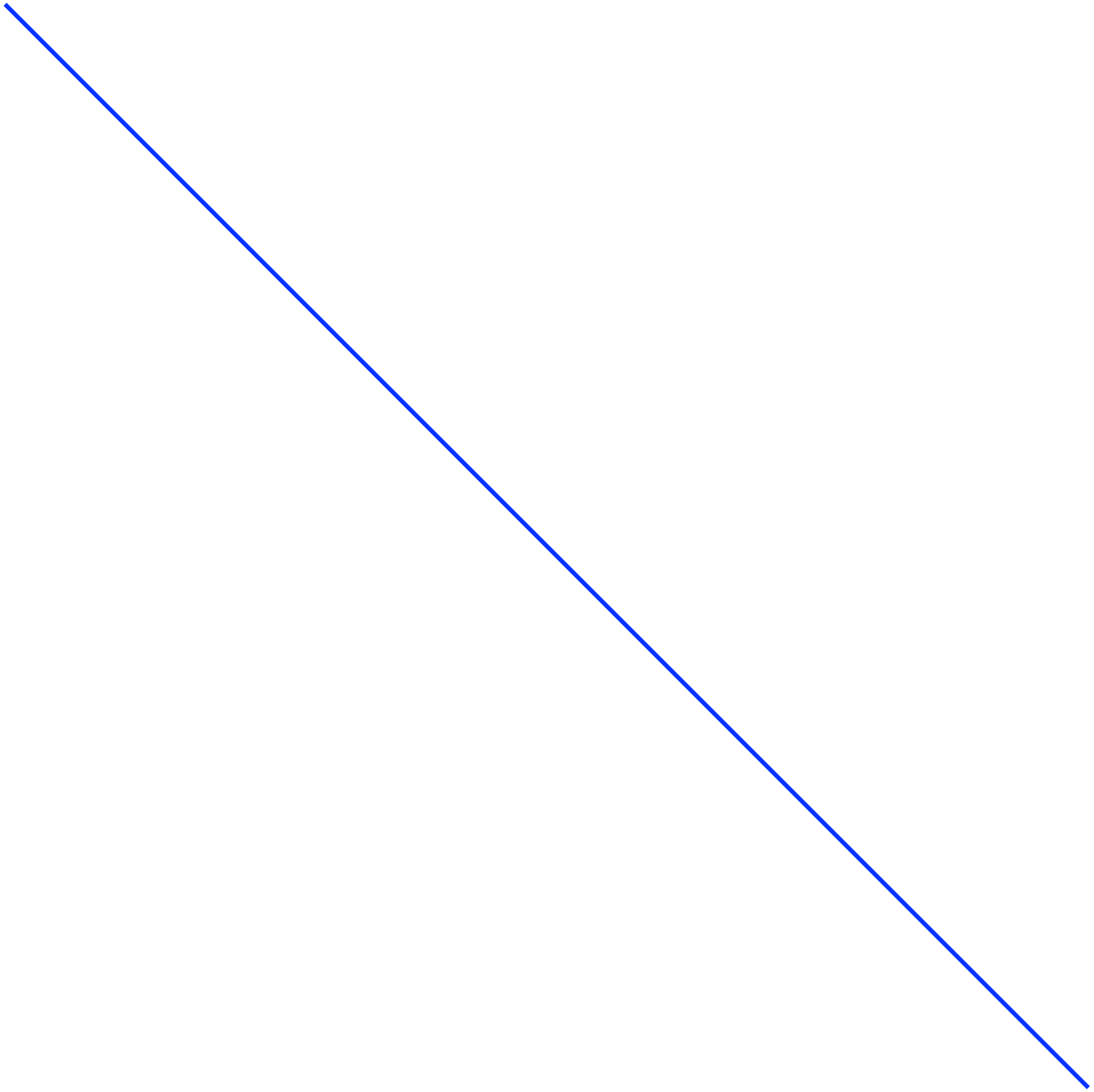


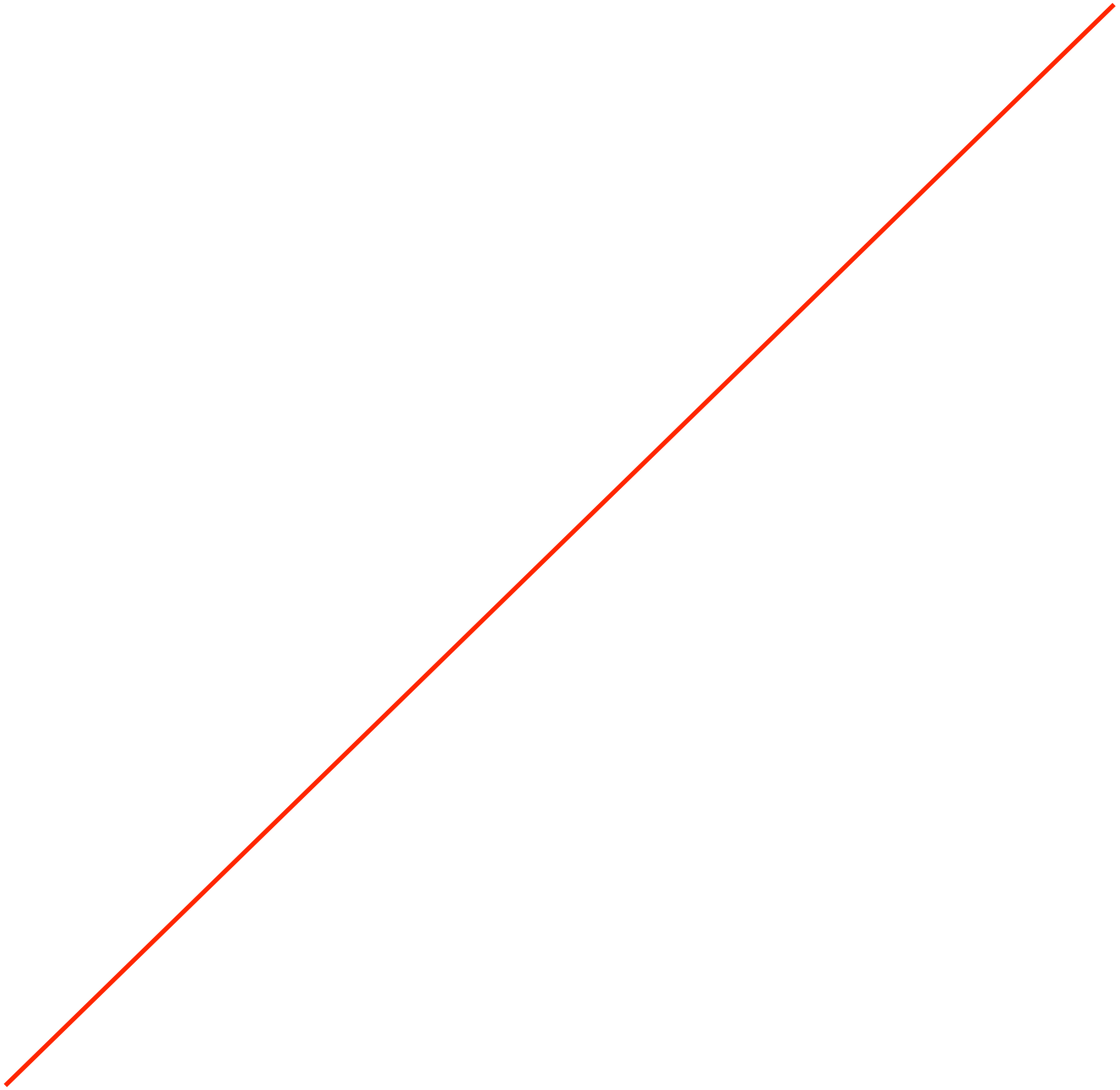


Price







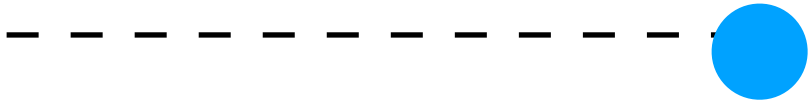




35



2.50

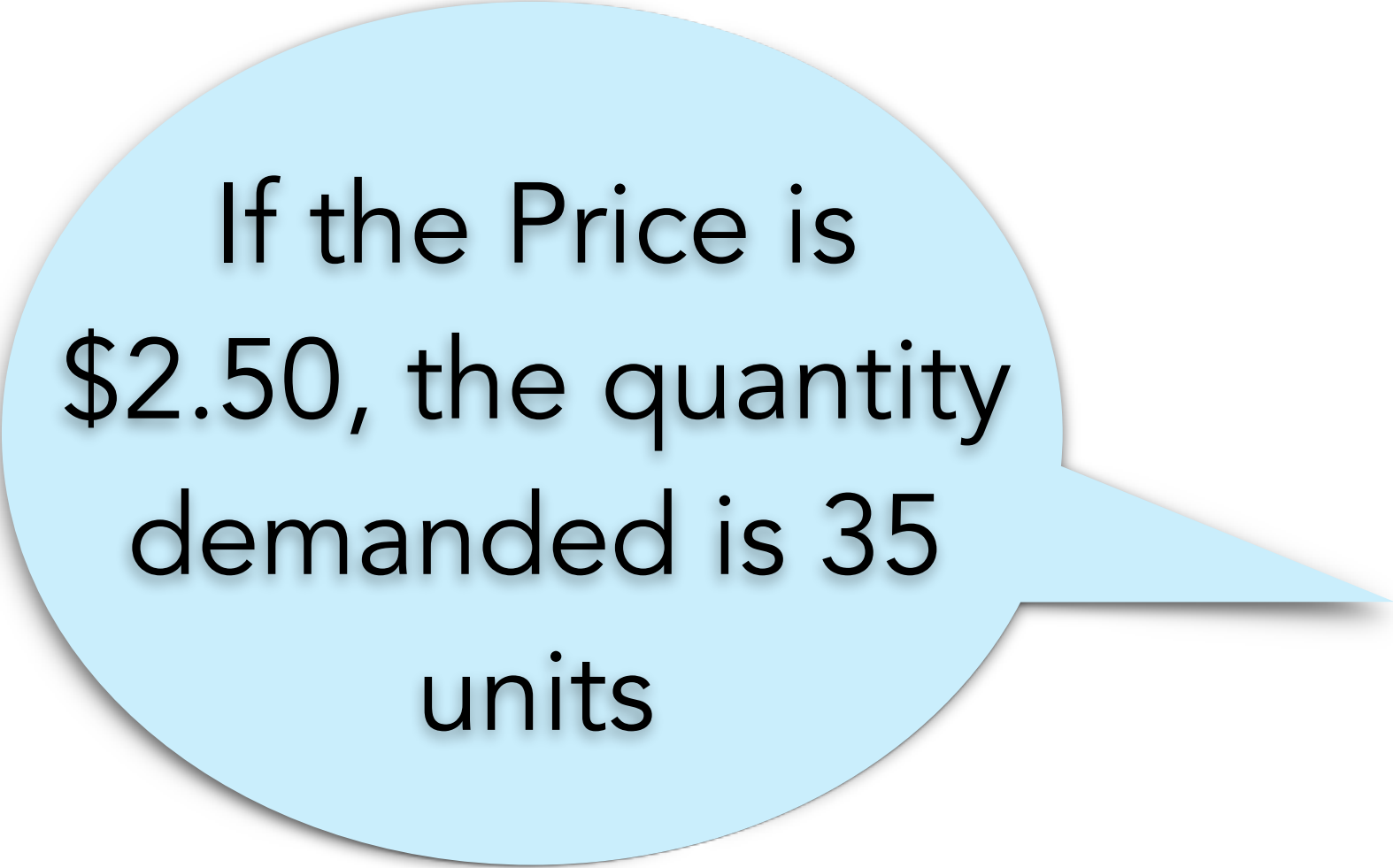


The Market is at Equilibrium

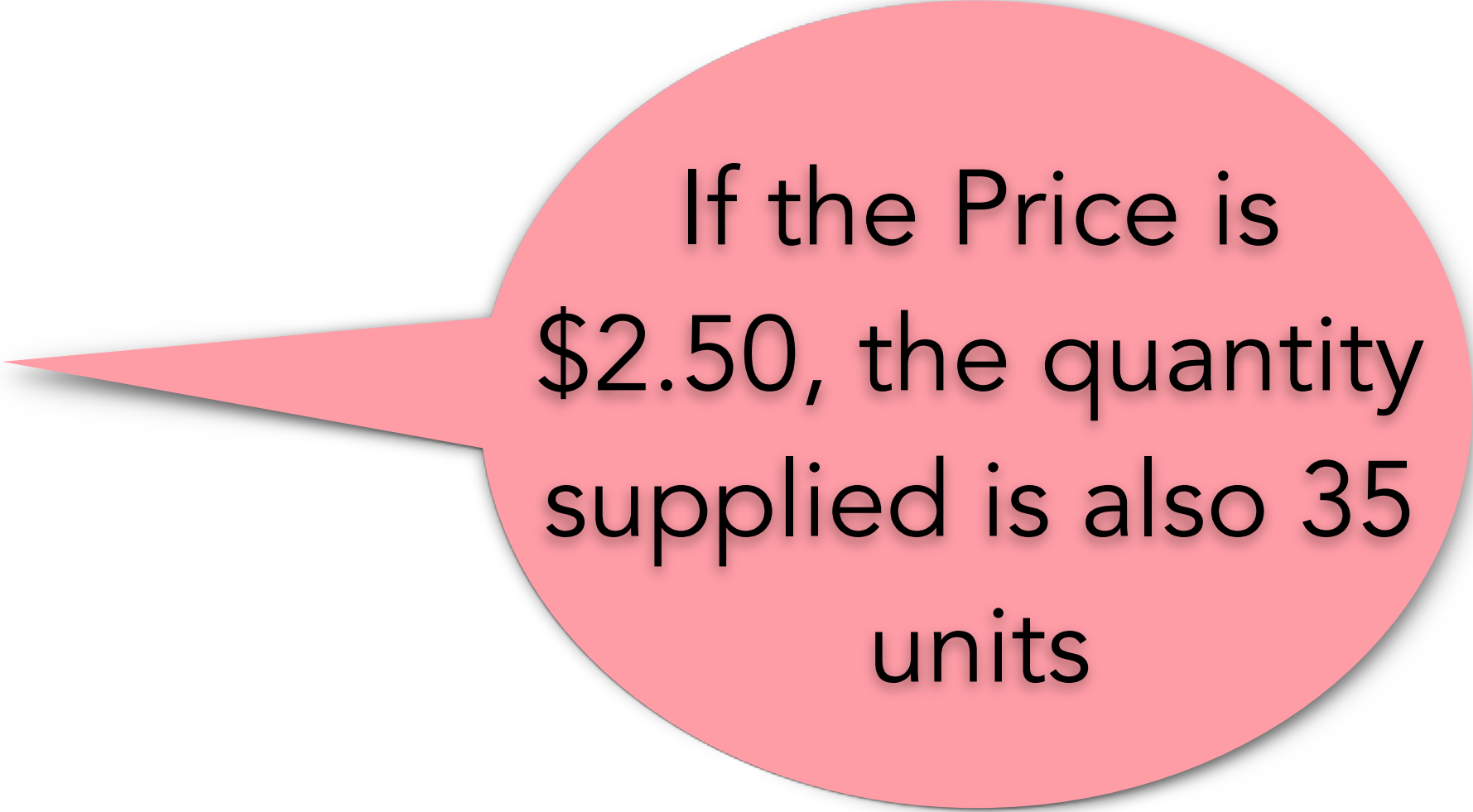
# Demand

Supply


$$Q^d = Q^s$$



If the Price is  
\$2.50, the quantity  
demanded is 35  
units



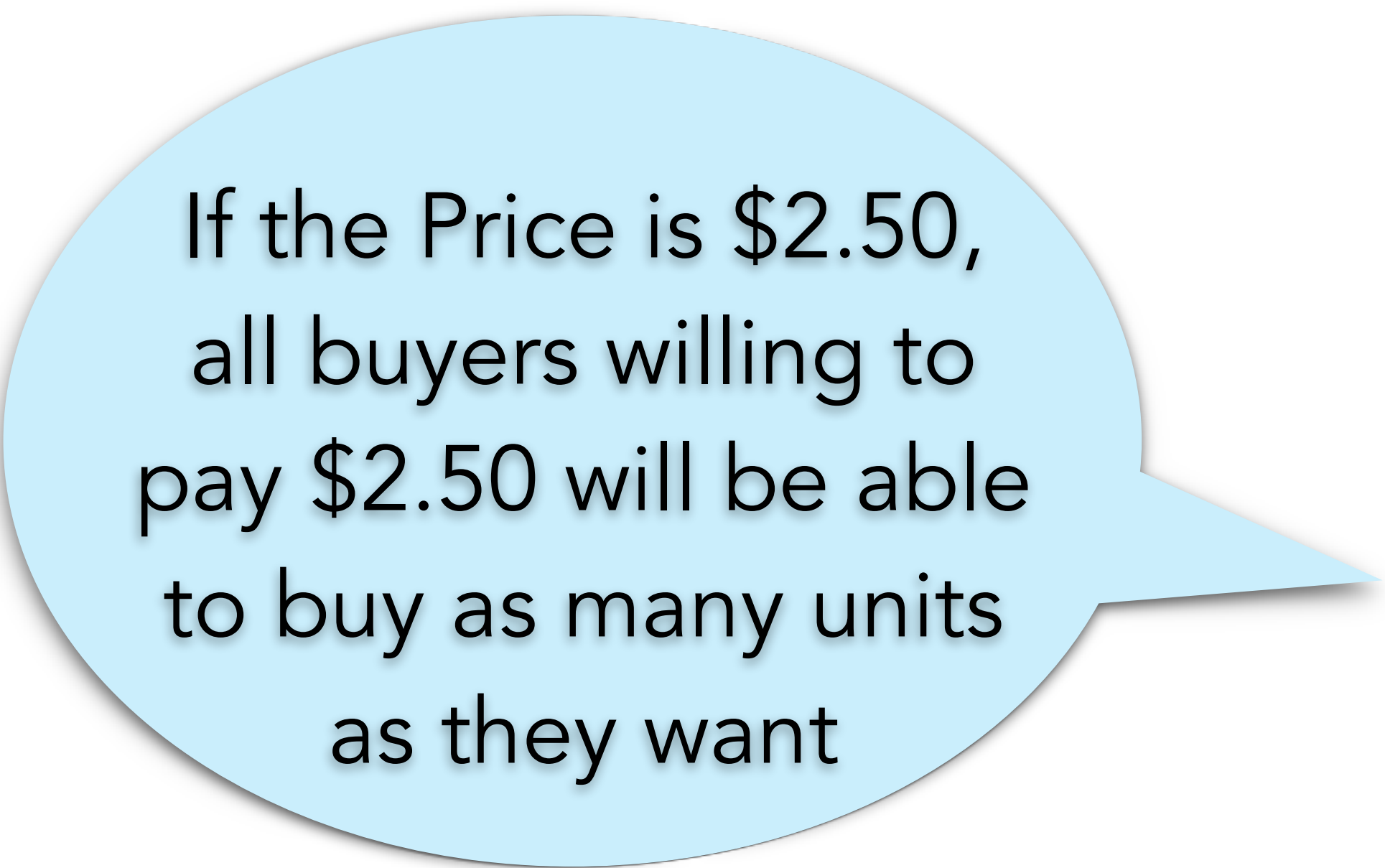
If the Price is  
\$2.50, the quantity  
supplied is also 35  
units



If the Price is  
\$2.50, producers  
will sell all units  
they brought for  
sale



# Market Forces: The Supply and Demand Model



If the Price is \$2.50,  
all buyers willing to  
pay \$2.50 will be able  
to buy as many units  
as they want



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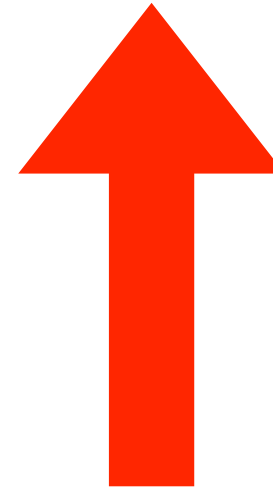
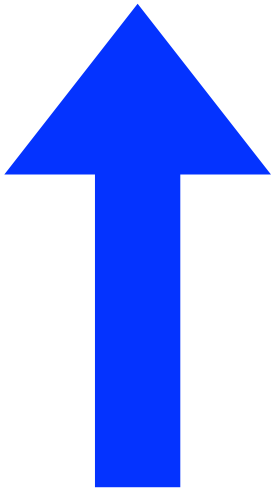
2



5



0



Equilibrium  $P = 2.50$

Equilibrium  $Q_2 = 35$

$$P_e = 2.50$$

$$Q_e = 35$$

Buyers have no  
reason to offer  
more than \$2.50

Sellers have no  
reason to cut  
prices below \$2.50



# Market Forces: The Supply and Demand Model

