

Identify the equilibrium price and quantity:

Price = _____; Quantity = _____

If the price is \$280 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?

300

20

280

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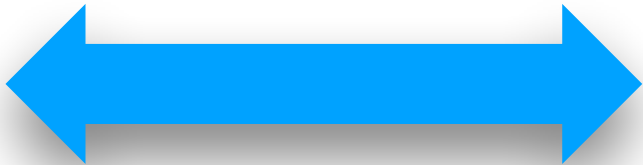
10

Q^s



30

Q^d



Shortage

No

30 - 10 = 20 units

Buyers will bid the price up

Buyers will bid the price up
until the price equals $P_e = 300$

Shontage

Pe

=

3000

20

Q_e



Identify the equilibrium price and quantity:

Price = 300; Quantity = 20

If the price is \$280 is the market in equilibrium? No

Will there be a surplus or a shortage? Shortage

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?

Buyers will bid the price up

What price do you predict for this market?

Buyers will bid the price up
until the price equals $P_e = 300$

