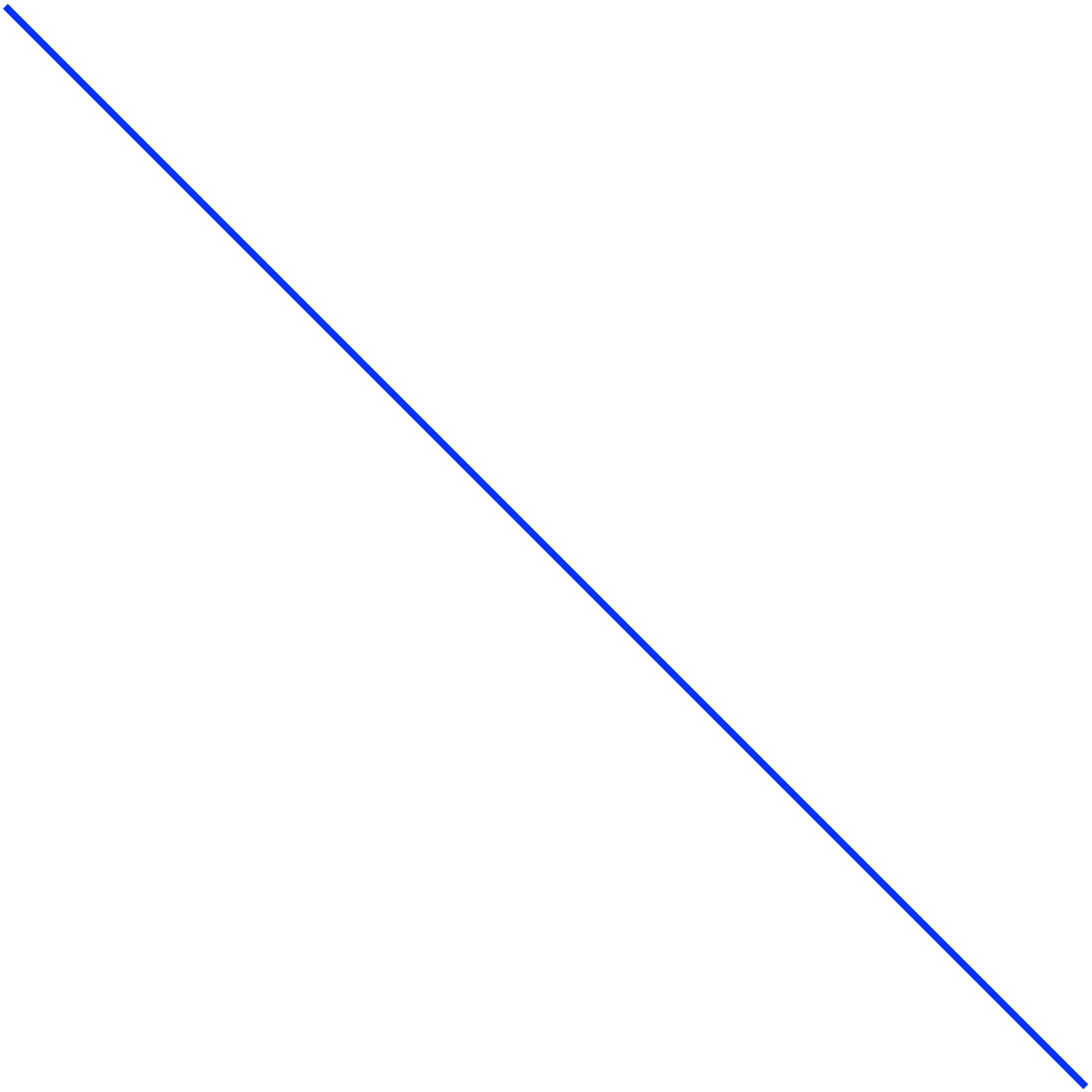
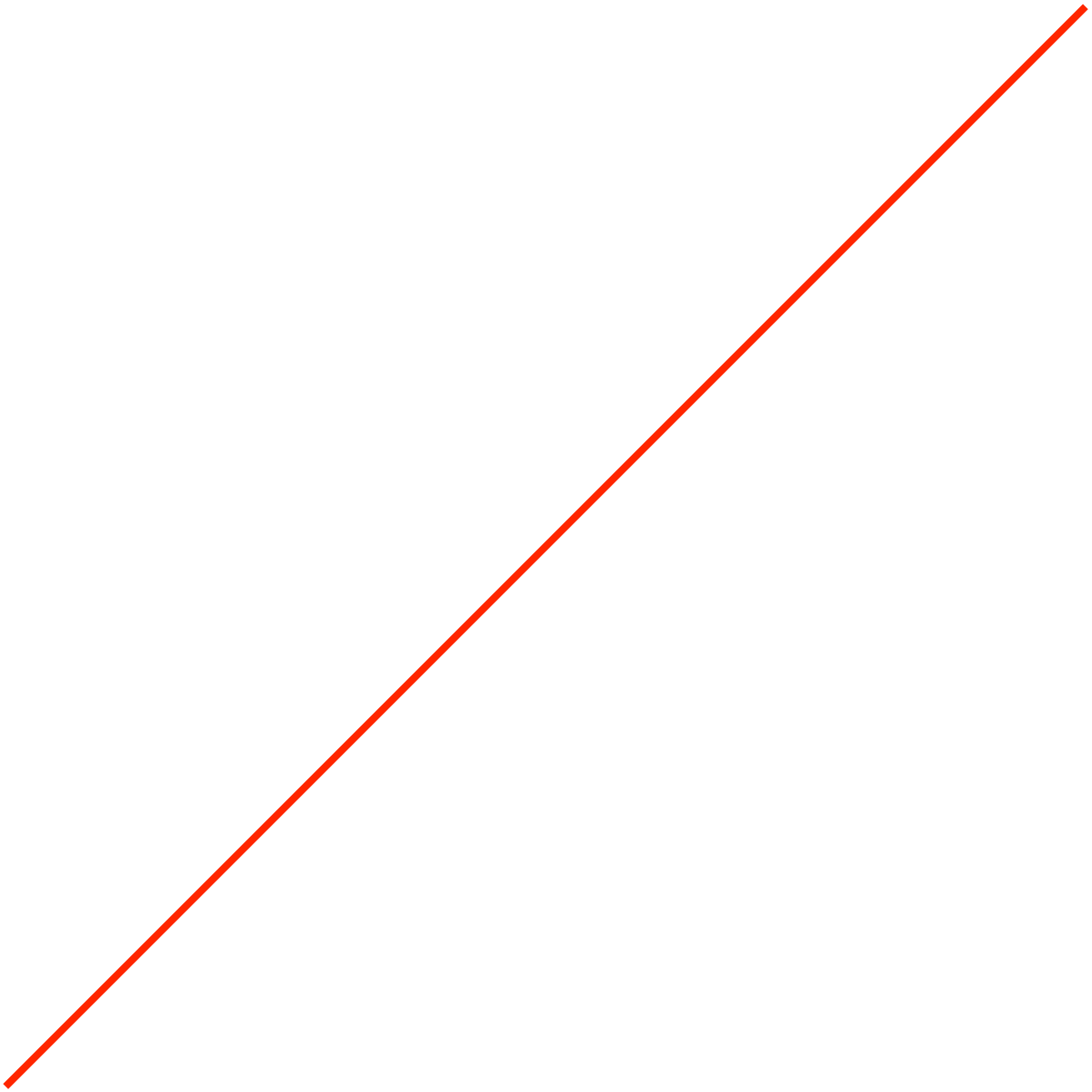




A surplus occurs when the price is higher than the equilibrium price (P_e)











Quantity
Supplied

Quantity

Demanded

Supply

Demand

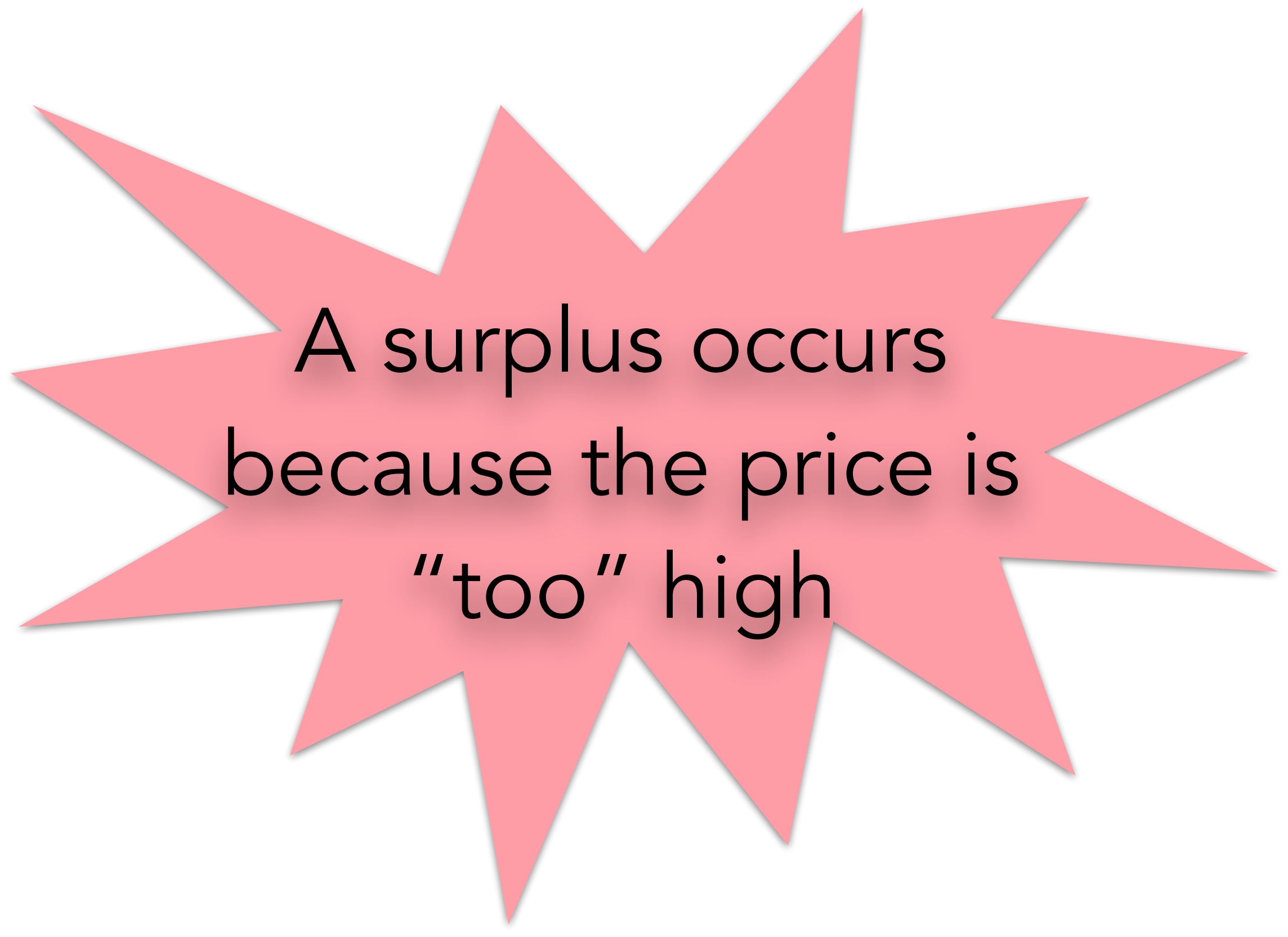


Surplus

P

0





A surplus occurs
because the price is
"too" high

P_e



od

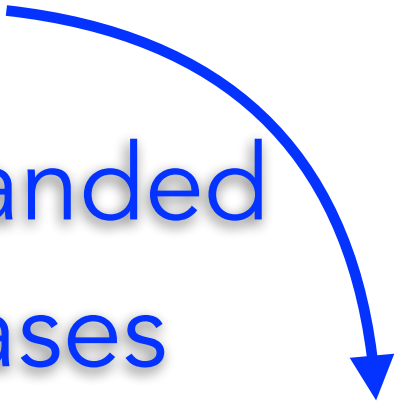
Qs

Surplus eliminated



Sellers bid
price down

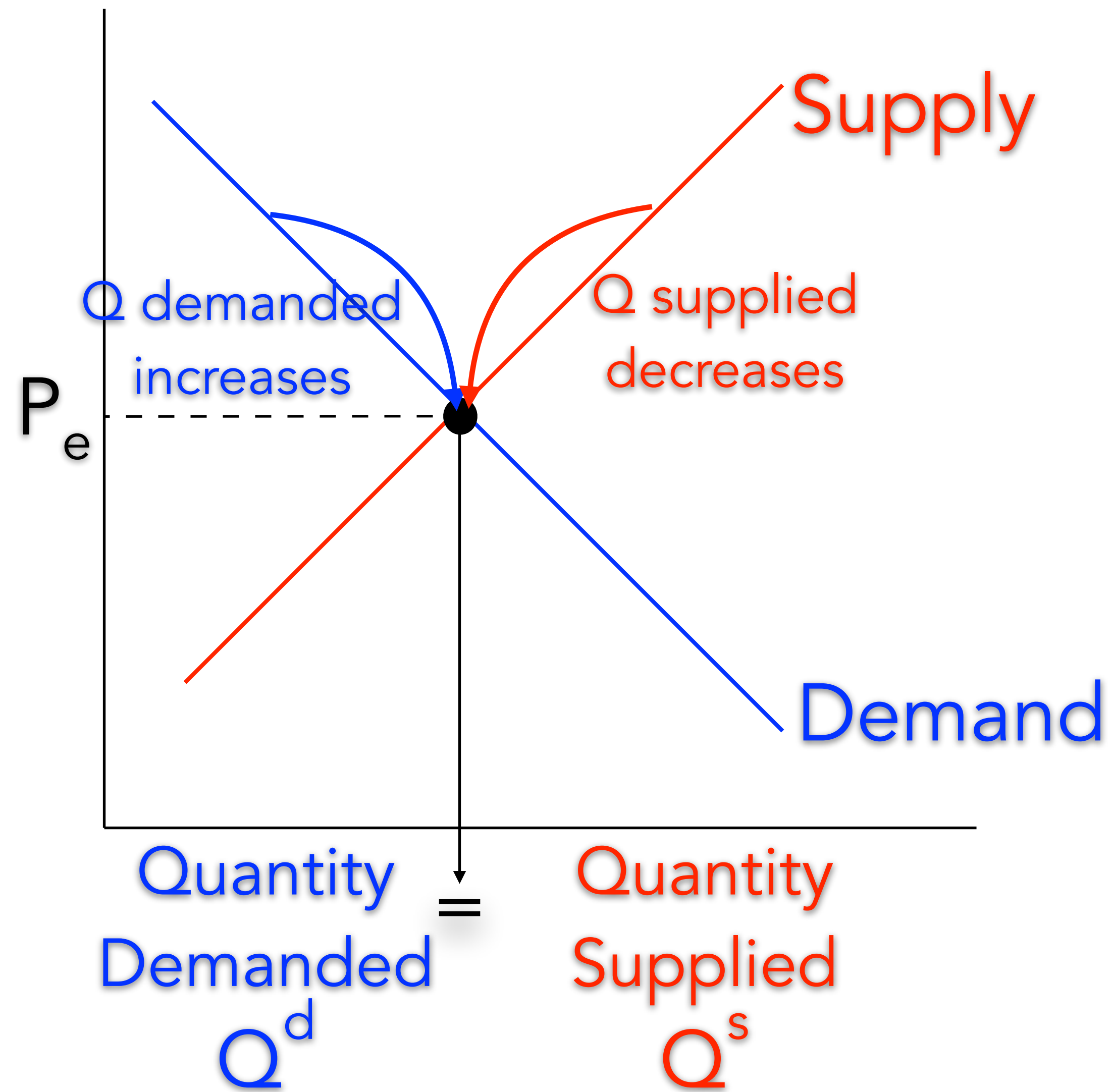
Q demanded
increases





Q supplied
decreases





Sellers bid
price down

Surplus eliminated

A surplus occurs when the price is higher than the equilibrium price (P_e)

Identify the equilibrium price and quantity:

Price=____; Quantity = ____

