

- Analyze how equilibrium price determined?

Equilibrium price

- The price at which the amount producers are willing and able to supply is equal to the amount consumers are willing and able to demand.
- Supply and Demand function together.
- As prices of a good goes down the QD rises and QS falls
- As price goes up QD falls and QS rises.

Price	QD	Price	QS
2.00	200	2.00	100
2.50	180	2.50	120
3.00	160	3.00	140
3.50	140	3.50	160
4.00	120	4.00	180
4.50	100	4.50	200



How do shifts in the Equilibrium price occur?

- By shifts of the supply and/or demand curves and shifts alone.
- When demand as a whole changes or supply as a whole changes there are changes in equilibrium price.
(determinates)
- When QD and/or QS change we have shortage or surplus
(discuss another time)