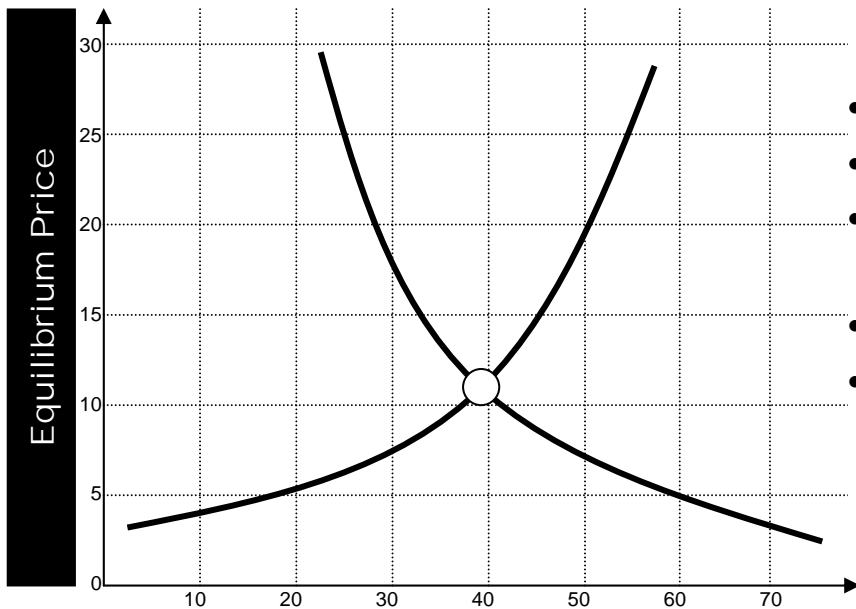
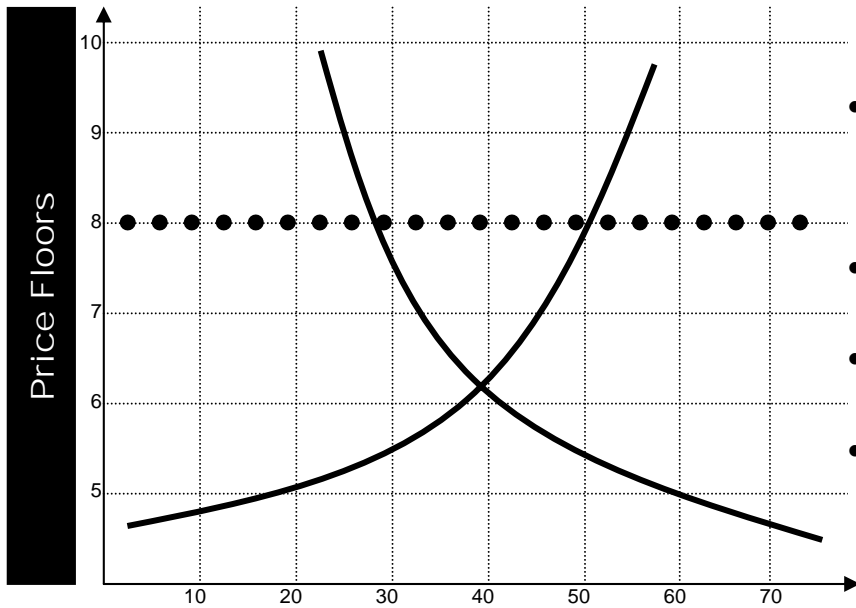


Pricing Systems Market Equilibrium through Supply and Demand



— Identifying the Equilibrium Price —

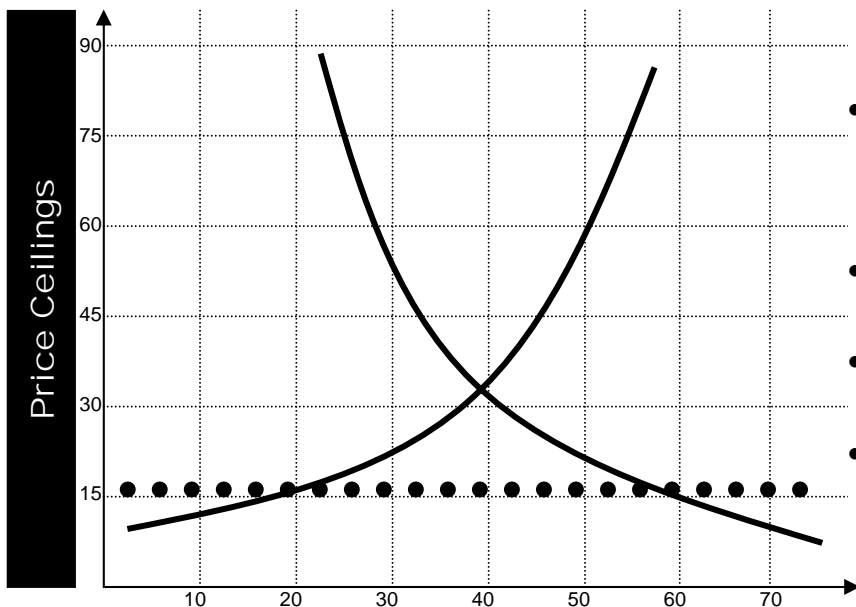
- Label the Demand Curve (D)
- Label the Supply Curve (S)
- Label the Equilibrium Price (Market Price)
- What is the Equilibrium Price? ____
- What is the Equilibrium Quantity? ____



— Price Floors —

- When is a price floor commonly used?

- What is the quantity supplied (QS) at the price floor? ____
- What is the quantity demanded (QD) at the price floor? ____
- Is there a shortage ($QS < QD$) or a surplus ($QS > QD$) with this price floor? How much? _____ of _____



— Price Ceilings —

- When is a price ceiling commonly used?

- What is the quantity supplied (QS) at the price ceiling? ____
- What is the quantity demanded (QD) at the price ceiling? ____
- Is there a shortage ($QS < QD$) or a surplus ($QS > QD$) with this price ceiling? How much? _____ of _____

Price Floors and Ceilings

1. What is the market-clearing price in the graph below?
2. What quantity is demanded and what quantity is supplied at the market-clearing price?

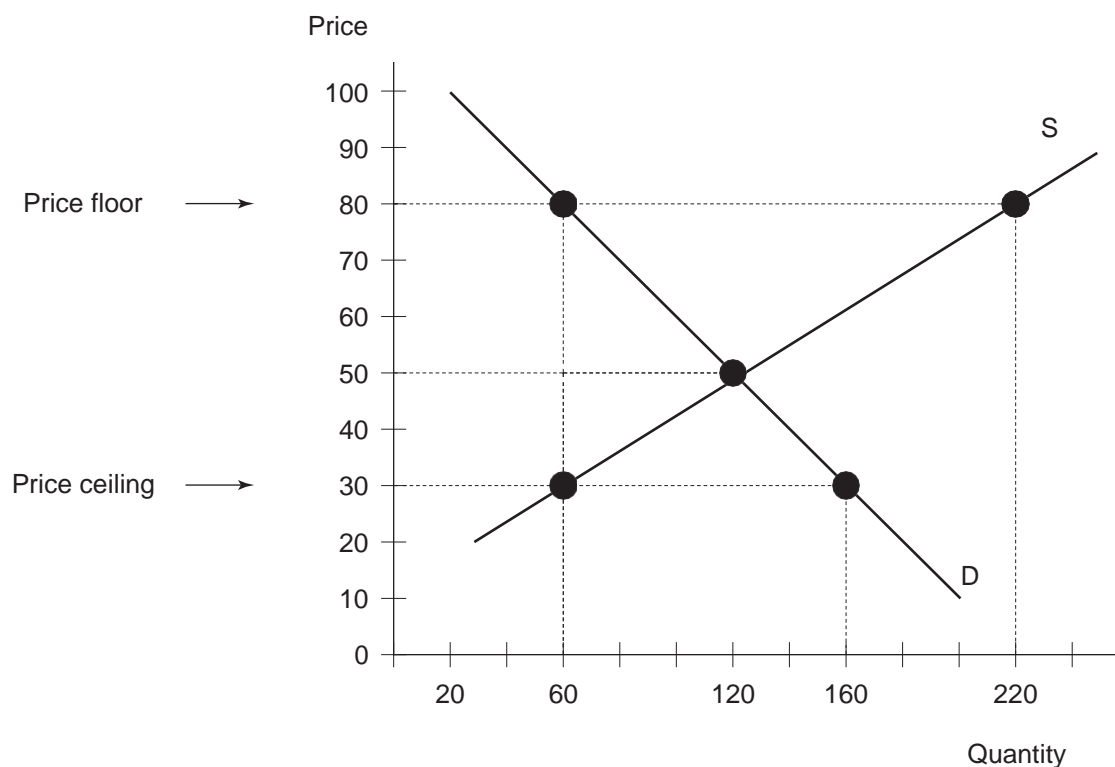
Quantity demanded _____ Quantity supplied _____

3. What quantity is demanded and what quantity is supplied if the government passes a law setting a maximum price of \$30?

Quantity demanded _____ Quantity supplied _____

4. What quantity would be demanded and what quantity would be supplied if the government passed a law setting a minimum price of \$80?

Quantity demanded _____ Quantity supplied _____



Price Floors & Ceilings

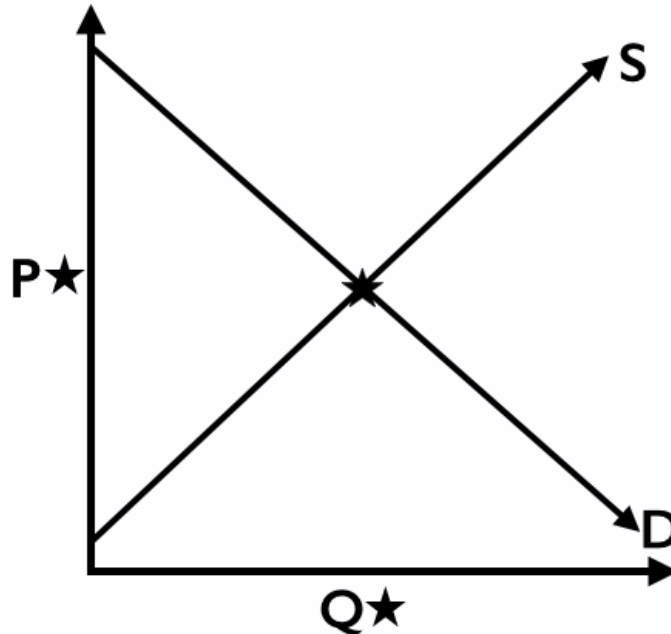
You are a government...

1. Choose a product to place a price floor on: _____

2. Explain why you are choosing to put a price floor on this product (it needs to benefit someone!):

3. Add to the graph below:

- Create a specific equilibrium price and quantity.
- Create a price for your price floor. Draw the price floor.



1. Choose a product to place a price **ceiling** on: _____

2. Explain why you are choosing to put a price ceiling on this product (it needs to benefit someone!):

3. Add to the graph below:

- Create a specific equilibrium price and quantity.
- Create a price for your price ceiling. Draw the price ceiling.

