

Supply and Demand Together

The following is an outline of Chapter 6. As you read through this section of the book, complete the outline by filling in the blanks.

Moving to Equilibrium pg. 130-131

1. At equilibrium, the quantity of a good that is bought and sold is the _____ quantity and the price at which the good is bought and sold is the _____ price.
2. Price _____ when a surplus exists
3. With a surplus, suppliers have inventories _____ the level they normally hold, so they will _____ their prices until equilibrium is reached.
4. Price _____ when a shortage exists.
5. With a shortage, suppliers have inventories _____ the level they normally hold, so they will _____ their prices until equilibrium is reached.

What Causes Equilibrium Prices to Change? pg. 134-136

6. If demand increases and supply stays the same, prices will _____ due to a shortage.
7. If demand decreases and supply stays the same, prices will _____ due to a surplus.
8. If supply increases and demand stays the same, prices will _____ due to a surplus.
9. If supply decreases and demand stays the same, prices will _____ due to a shortage

Changes in Supply and Demand at the Same Time pg. 136-137

10. Changes in equilibrium price are determined by which changes more, supply or demand. If _____ changes more than _____ equilibrium price goes up. If _____ changes more than _____ equilibrium price goes down.

Price Is A Signal pg. 137

11. When demand falls, price goes down and buyers are signaling sellers to produce _____
12. When demand rises, price goes up and buyers are signaling sellers to produce _____

What Are Price Controls? pg. 138

13. A price _____ is a legislated price that is below the equilibrium price.
14. A price _____ is a legislated price that is above the equilibrium price.