Assignment

The following are the demand and supply equations of market for fish

P = 600 - 3q^d

P = -50 + 2q^s

(i) Determine the equilibrium price and quantity that would prevail in this market.

Solution

P = 600 - 3q^d

P = -50 + 2q^s

So, we can rewrite the equations

q^d = (600 – P)/3

q^s = (P + 50)/2

Equate these expressions:

q^d = q^s

Solve equation:

200 – P/3 = P/2 + 25

P = 210 is the equilibrium price

So, we can find quantity

q^d = (600 – P)/3

q^d = 130