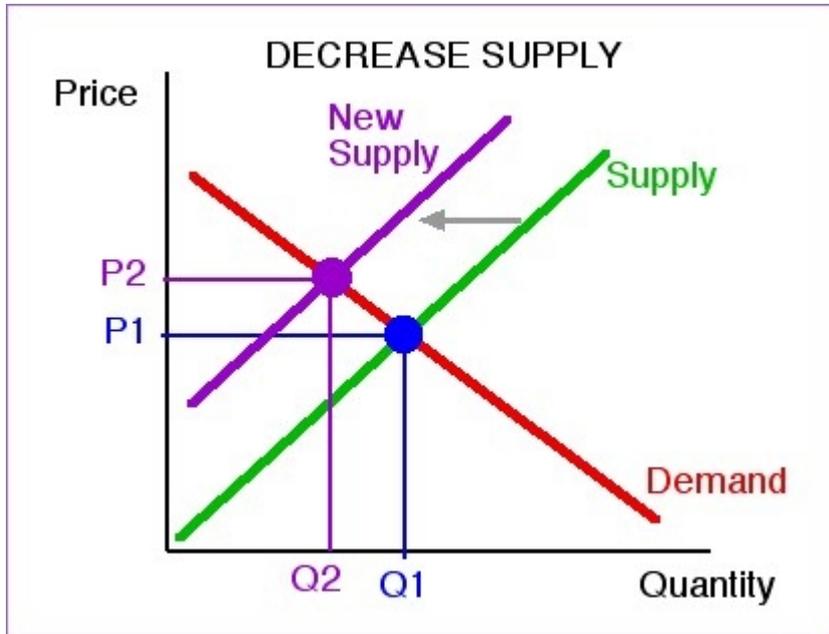


Answer on Question #42739, Economics, Microeconomics

Market equilibrium is a situation in which the supply of an item is exactly equal to its demand. Since there is neither surplus nor shortage in the market, price tends to remain stable in this situation.

If there is a decrease in production, supply decreases and as we can see on the graph below equilibrium price increases and equilibrium quantity decreases.



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