

Answer on Question #51510, Economics - Other

Assignment

The following relations describe the supply and demand for posters.

$$Q_d = 65,000 - 10,000 P$$

$$Q_s = -35,000 + 15,000 P$$

Where Q is the quantity and P is the price of a poster, in dollars.

a. Complete the following table.

Price Q_s Q_d Surplus or Shortage

\$6.00

5.00

4.00

3.00

2.00

1.00

b. What is the equilibrium price?

Solution

	$Q_s = -35,000 + 15,000P$	$Q_d = 65,000 - 10,000P$	Surplus	Shortage
6.00	55,000	5,000	50,000	
5.00	40,000	15,000	25,000	
4.00	25,000	25,000	0	
3.00	10,000	35,000		25,000
2.00	-5,000	45,000		50,000
1.00	-20,000	55,000		75,000

The equilibrium occurs when $Q_s = Q_d$. So, the equilibrium price is 4.00.