

Answer on Question 69777-Economics - Microeconomics

The following relations describe the supply and demand for specific good:

$$QD = 65000 - 10000P$$

$$QS = -35000 + 15000P$$

a) Compute the following table

Price QS QD Surplus or Shortage

\$7

\$6

\$5

\$4

\$3

\$2

a) What is the equilibrium price?

Answer.

a)

Price	QS	QD	Surplus (+)or Shortage (-)
7	70000	-5000	75000
6	55000	5000	50000
5	40000	15000	25000
4	25000	25000	0
3	10000	35000	-25000
2	-5000	45000	-50000

b) The equilibrium price is \$4, when quantity supplied and quantity demanded are equal (there is neither surplus nor shortage).