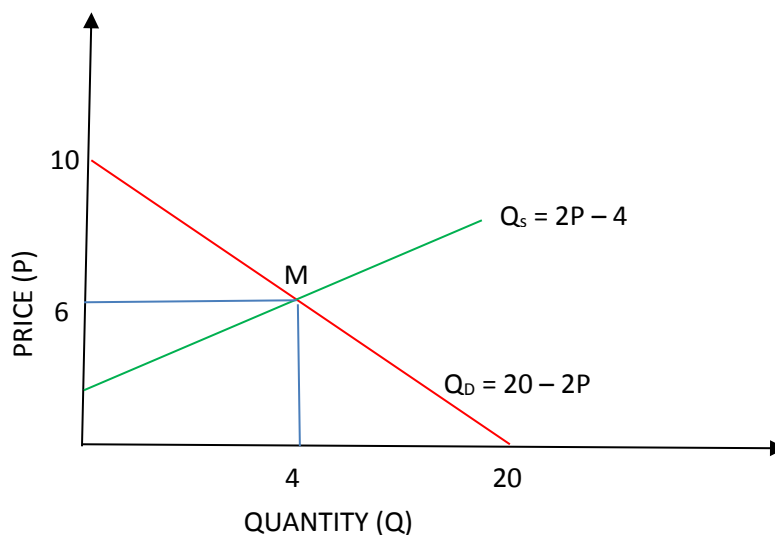


Answer on Question # 77573, Economics -Microeconomics:

Question: Consider a demand curve of the form $Q_D = 20 - 2P$ where Q is the quantity demanded and P is the price of the good. Also consider a supply curve of the form $Q_S = 2P - 4$. Graph the curves. At what values of P and Q do these curves intersect?

Solution:



Here, demand curve equation, $Q_D = 20 - 2P$ (1)

[Q_D = quantity demanded and P = price of the good]

Supply curve equation, $Q_S = 2P - 4$ (2)

[Q_S = supplied quantity and P = price of the good]

The two curves intersect when, $Q_D = Q_S$

$$\text{Or, } 20 - 2P = 2P - 4$$

$$\text{Or, } 4P = 24$$

$$\text{Or, } P = 6$$

Now put the value of P in equation (2) and we get,

$$Q = Q_S = Q_D = 12 - 8 = 4$$

So, at $P = 6$ and $Q = 4$, the two curves are intersect.

Answer: $P = 6$ and $Q = 4$.

Answer provided by <https://www.AssignmentExpert.com>