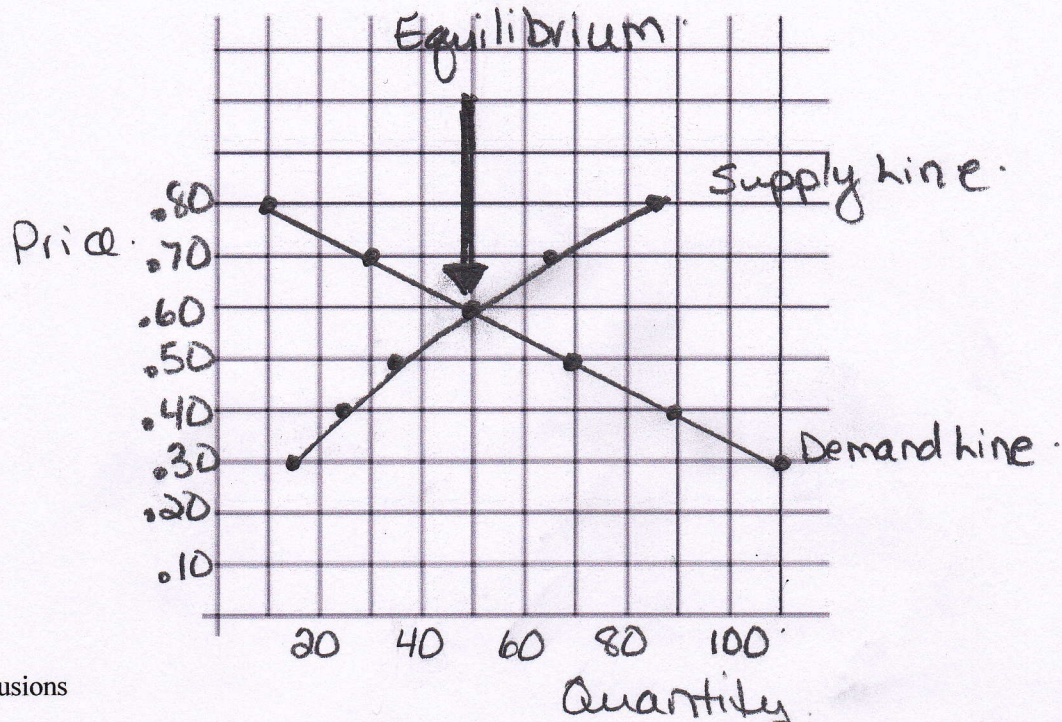


The Market Equilibrium Continued

Graph the Demand and Supply Schedules on the same axes



Conclusions

Market: The point at which the 2 lines intersect.

(d) Disequilibrium: Occurs at a price above or below \$0.60.

Where does disequilibrium occur?

At a price of .40 note how a disequilibrium exists in the market.

A D exists because demand is greater than supply.

At a price of .80 note how a disequilibrium exists in the market.

A S exists because there is excess supply.

Market Equilibrium: occurs when quantity supplied = quantity demanded. This happens at Price = .60