

7.15: Introduction to Equilibrium

What you'll learn to do: explain market equilibrium, surplus, and shortage

In this section, we'll put the two fundamental pieces of the economic puzzle—supply and demand—together and see how the two laws interact in market situations. This section also introduces the concept of equilibrium—a stable market condition—and illustrates situations where the market is out of equilibrium, resulting in either a short-term surplus or shortage situation, and the resulting market pressure toward equilibrium. Finally, this section provides opportunities to work through scenarios where market factors result in shifts in both supply and demand.

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