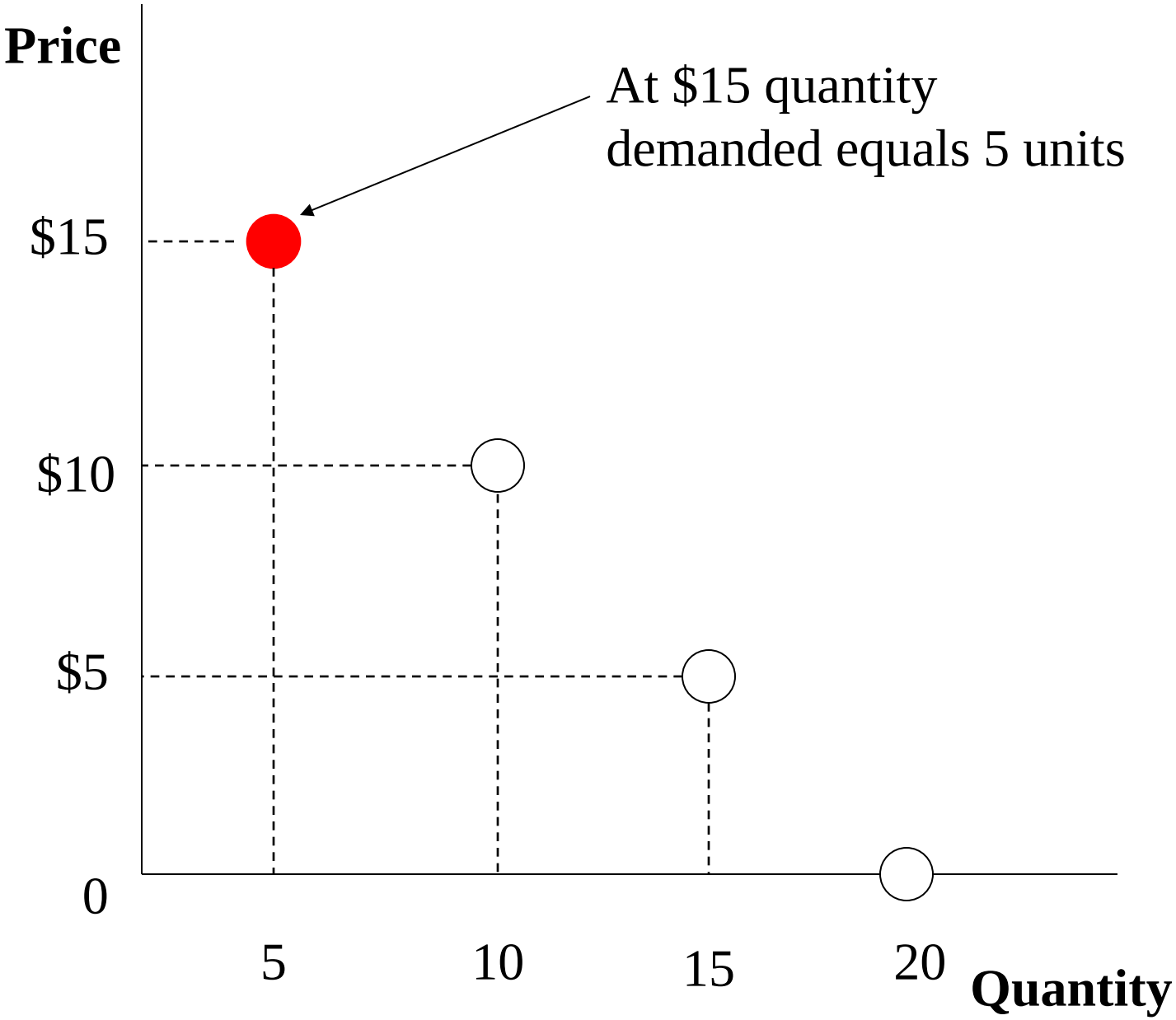
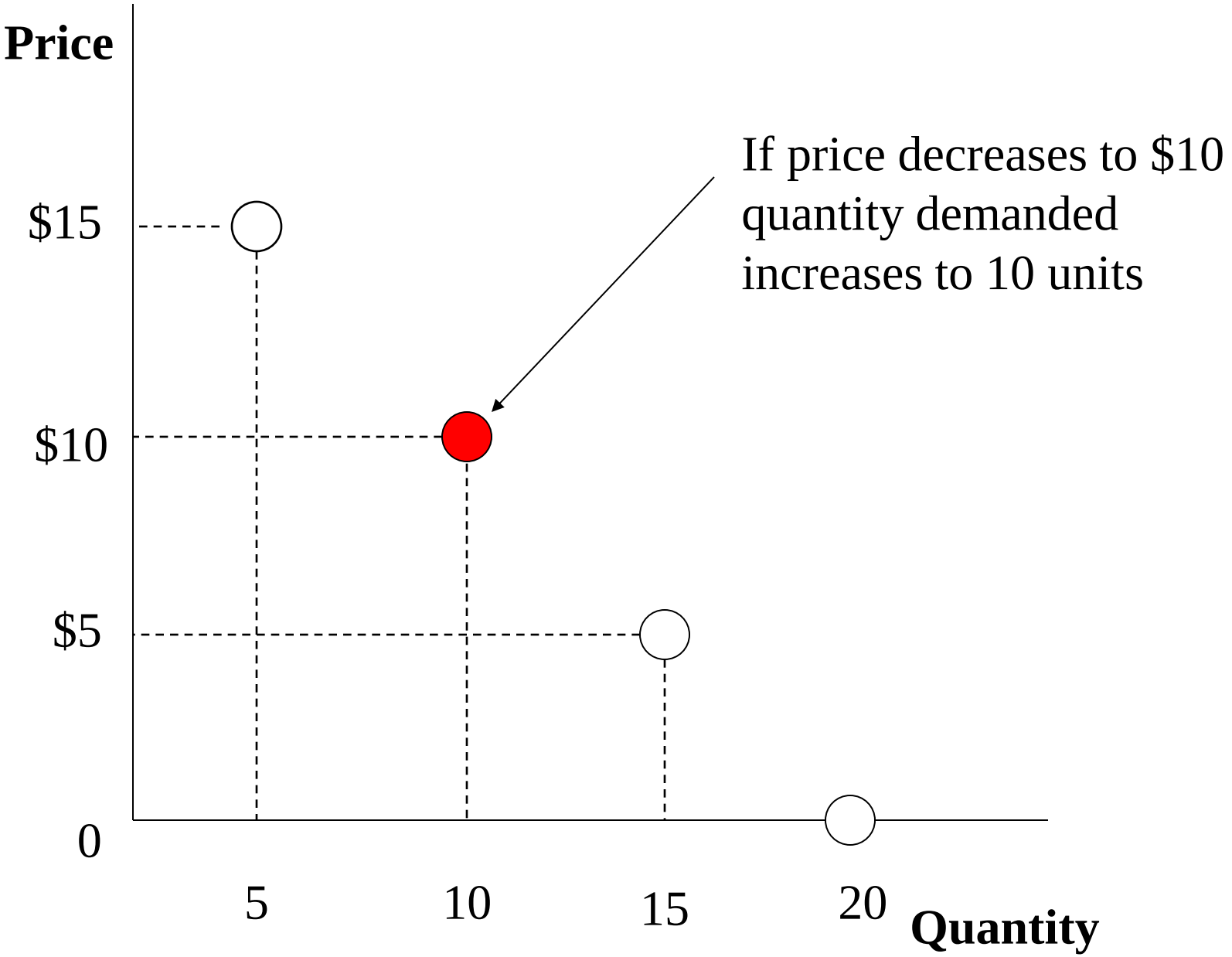
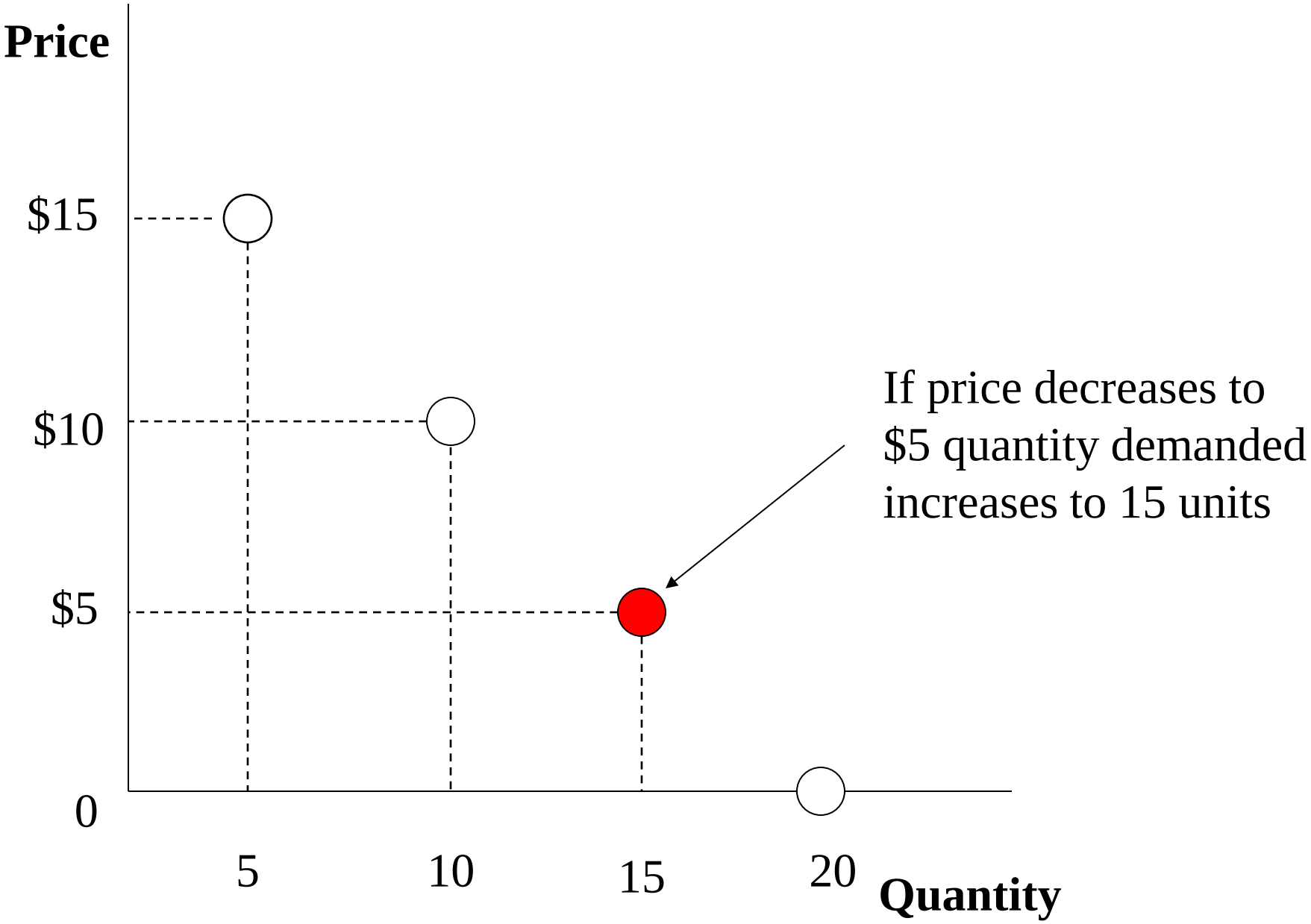
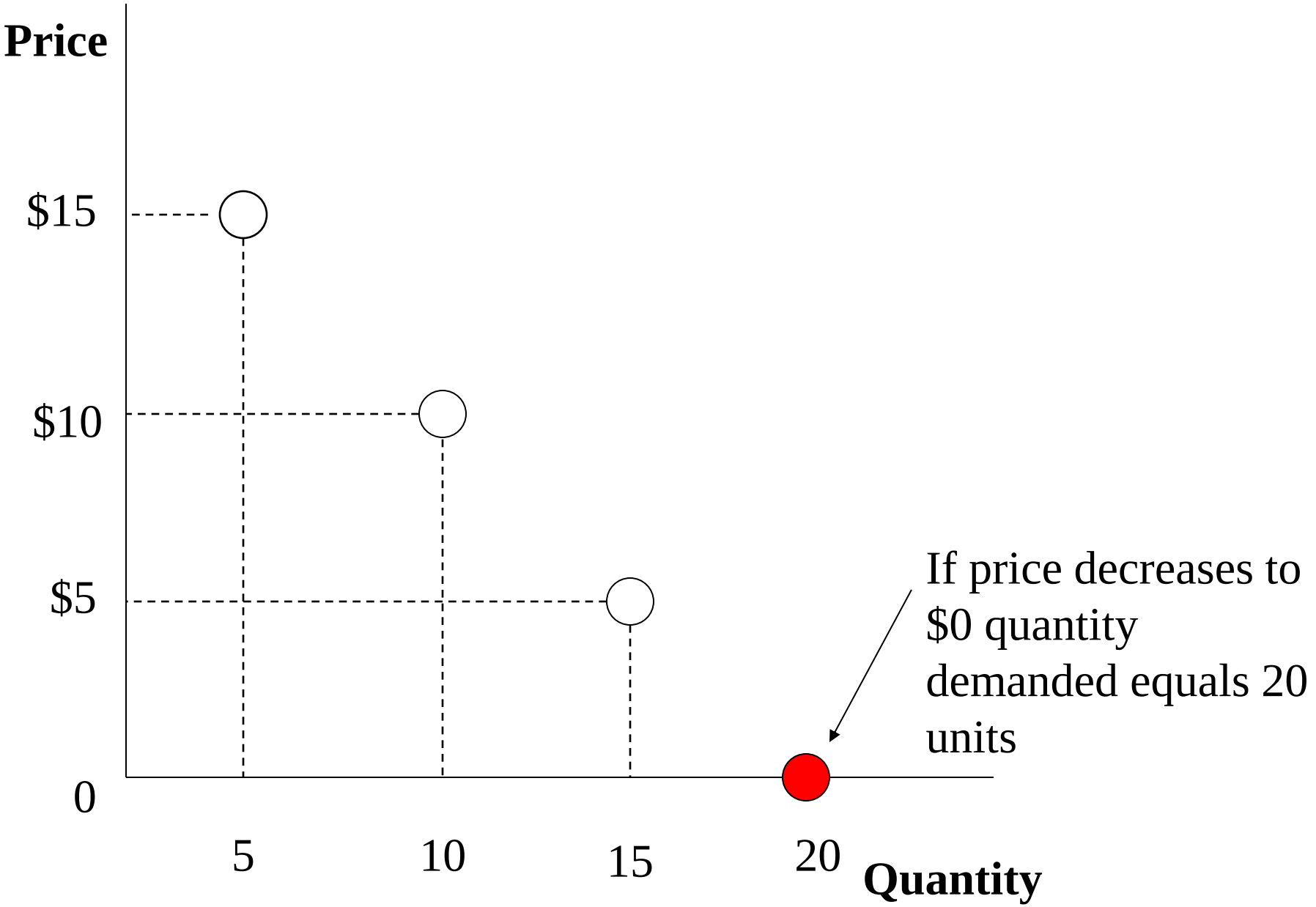
Supply and Demand – Without Line Graphs

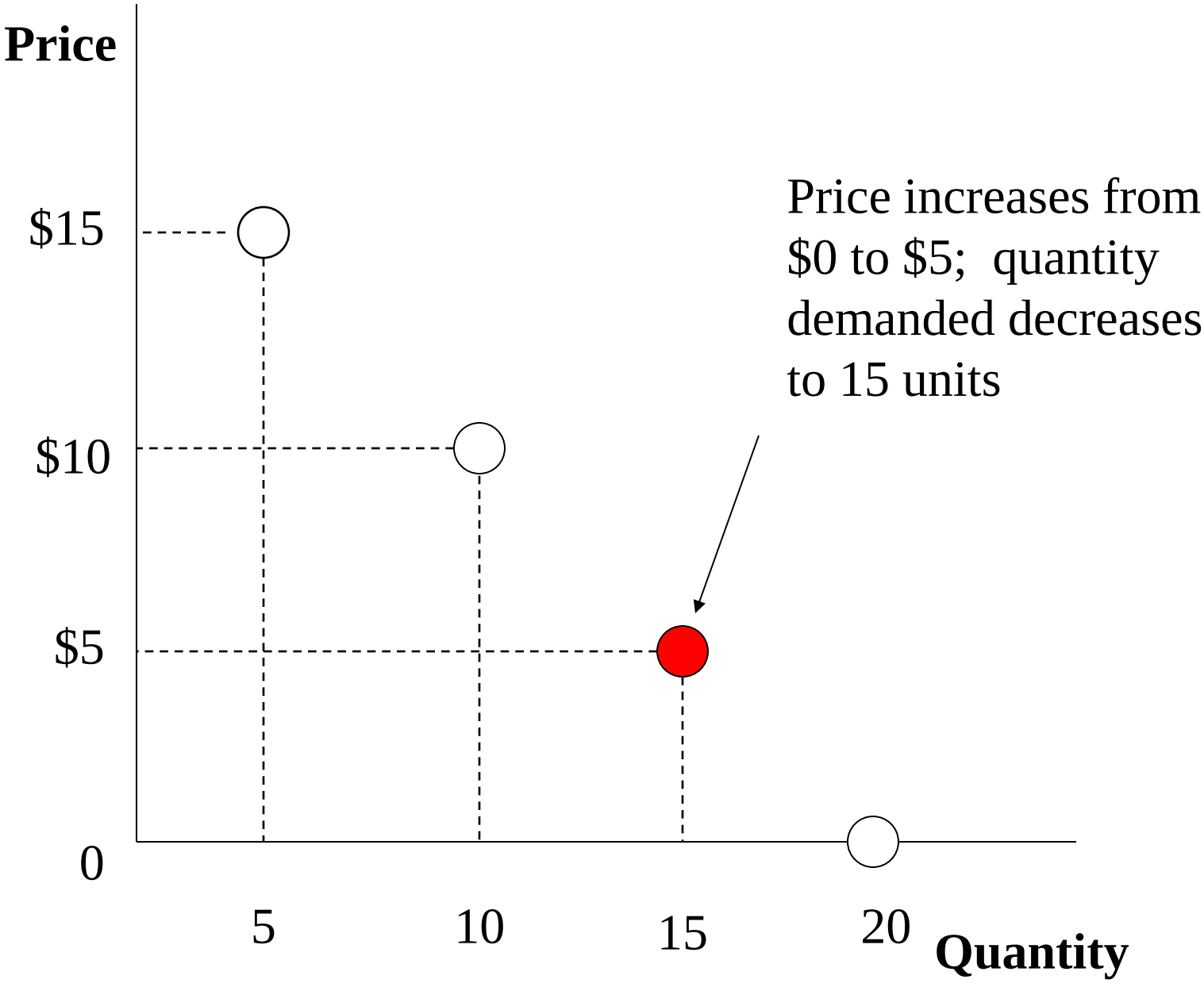
Part 1 – Changes in Quantity demanded

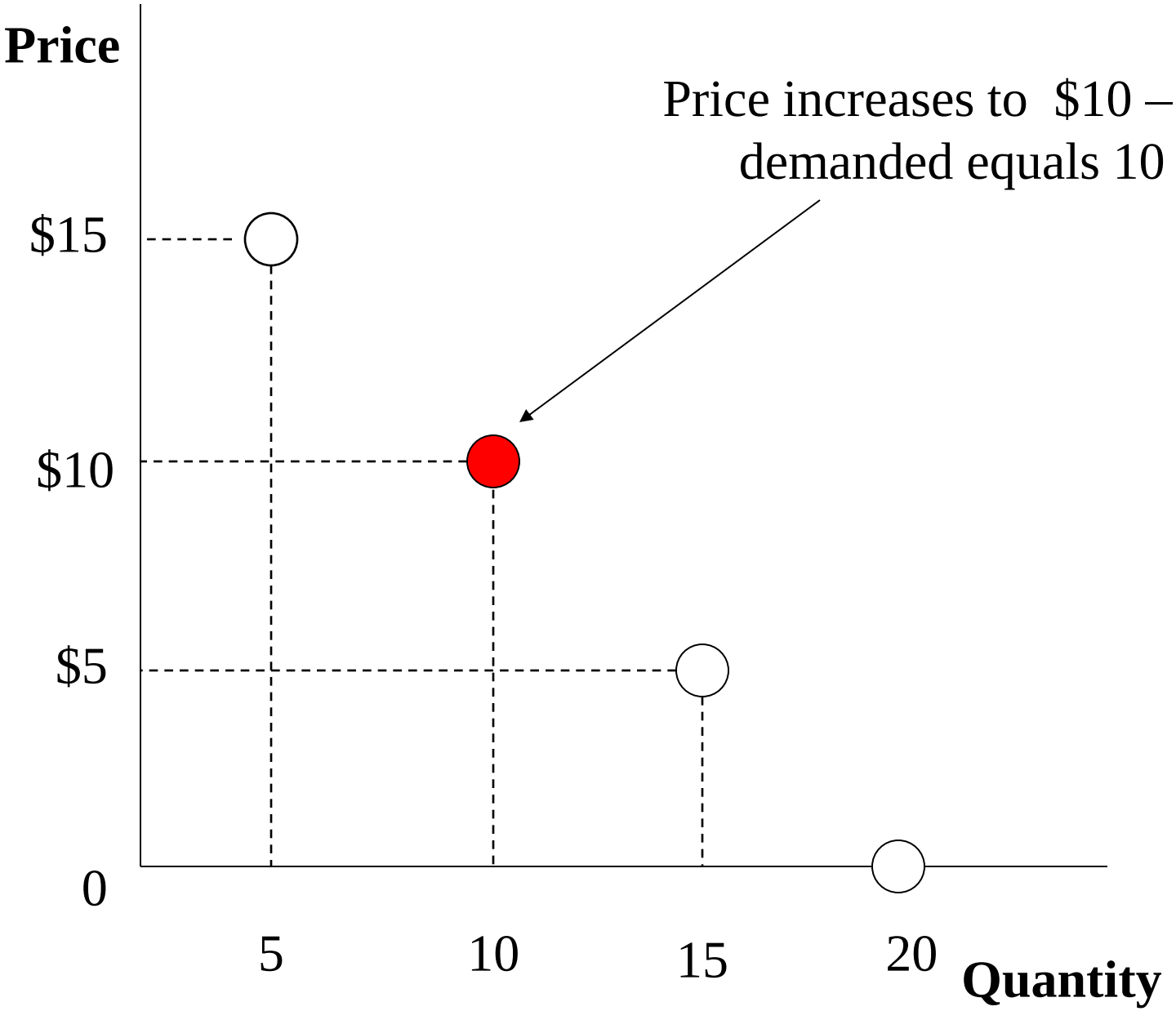

Price
At $15 quantity
demanded equals 5 units
$15
$10
$5
0
5
10
15
20
Quantity

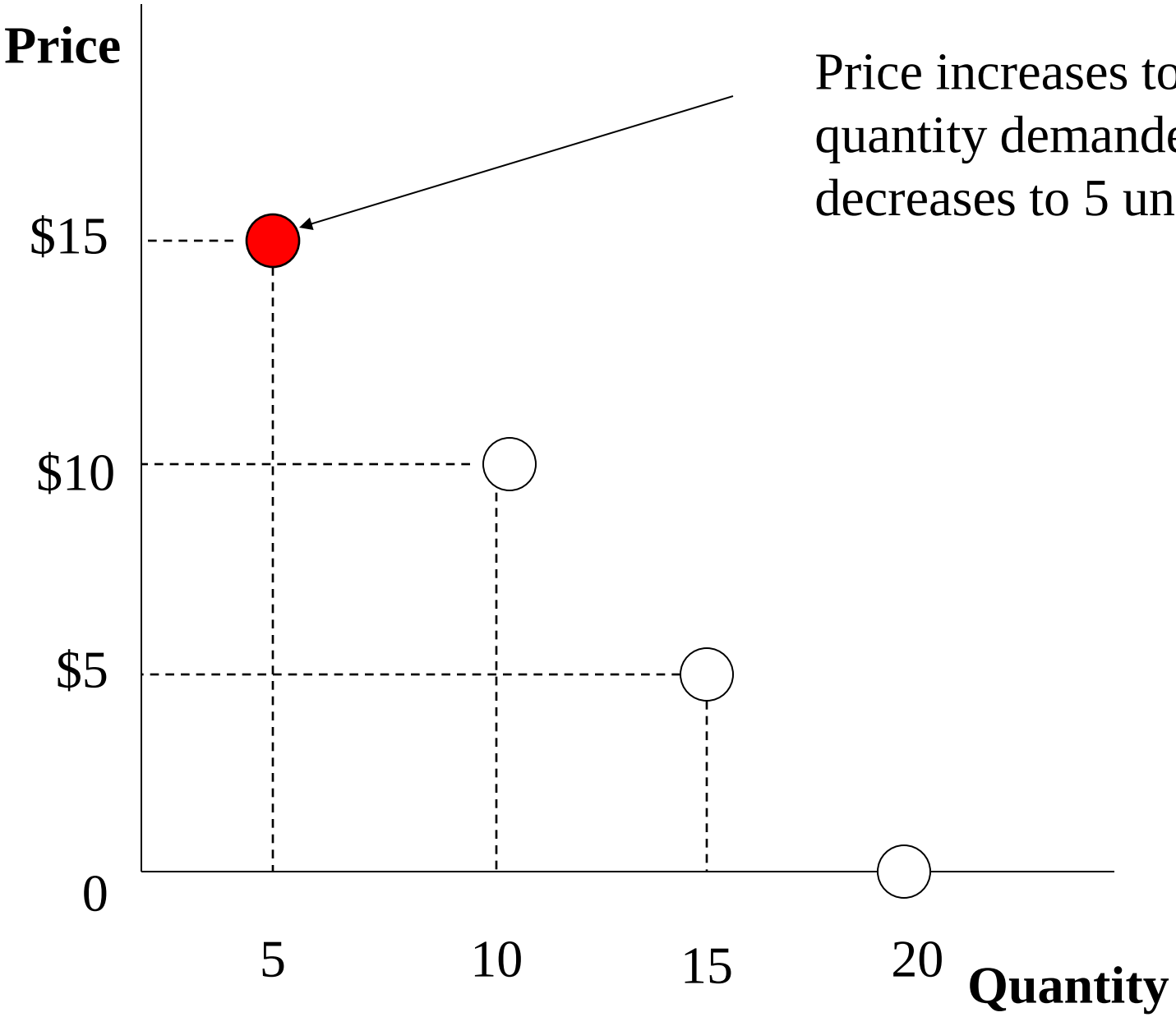

Price
$15
$10
$5
0
5
10
15
20
Quantity
If price decreases to $10
quantity demanded
increases to 10 units


Price
$15
$10
$5
0
5
10
15
20
Quantity
If price decreases to
$5 quantity demanded
increases to 15 units


Price
$15
$10
$5
0
5
10
15
20
Quantity
If price decreases to $0 quantity demanded equals 20 units


Price
$15
$10
$5
0
5
10
15
20
Quantity
Price increases from $0 to $5; quantity demanded decreases to 15 units

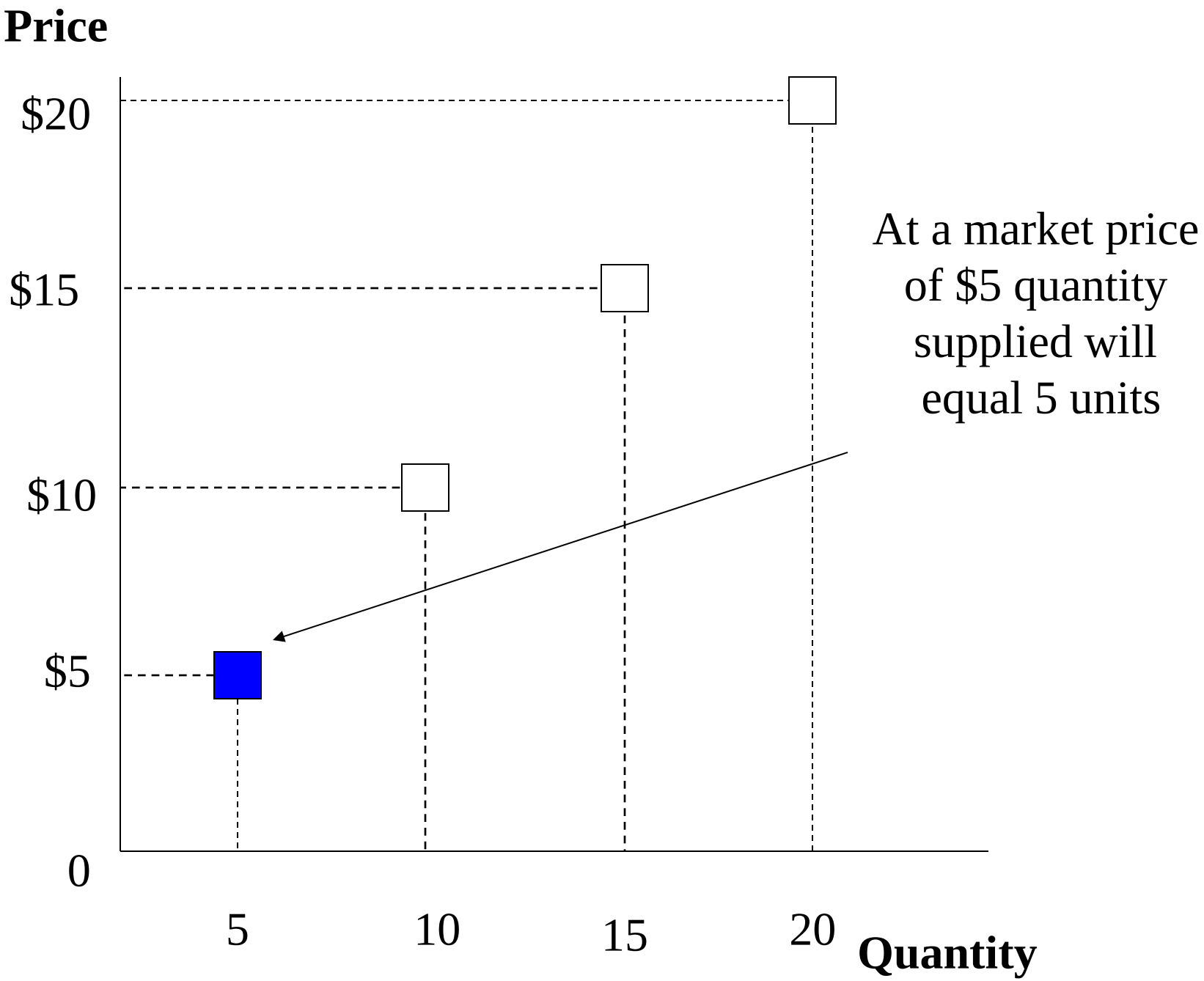

Price
Price increases to $10 – quantity demanded equals 10 units
$15
$10
$5
0
5
10
15
20
Quantity

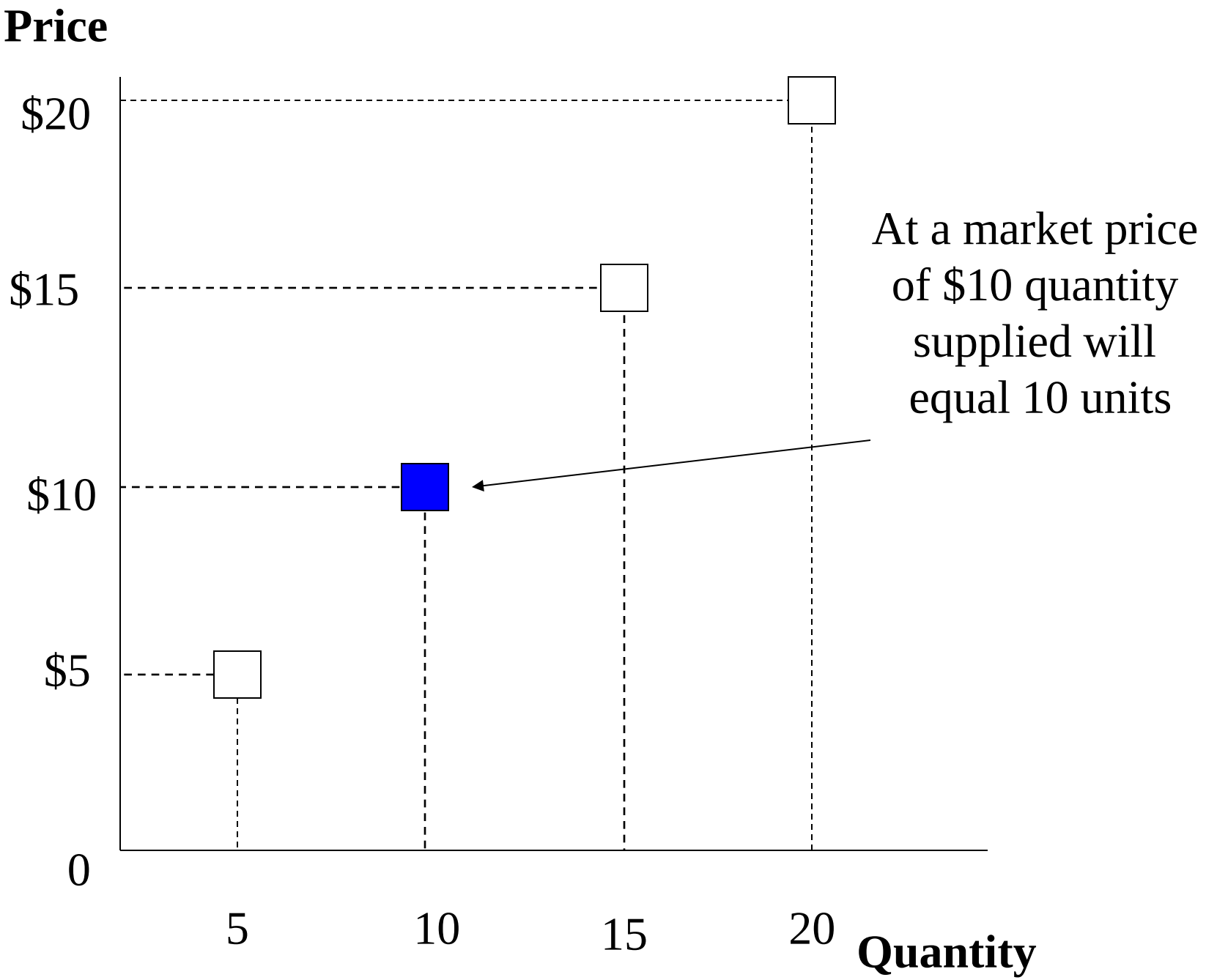


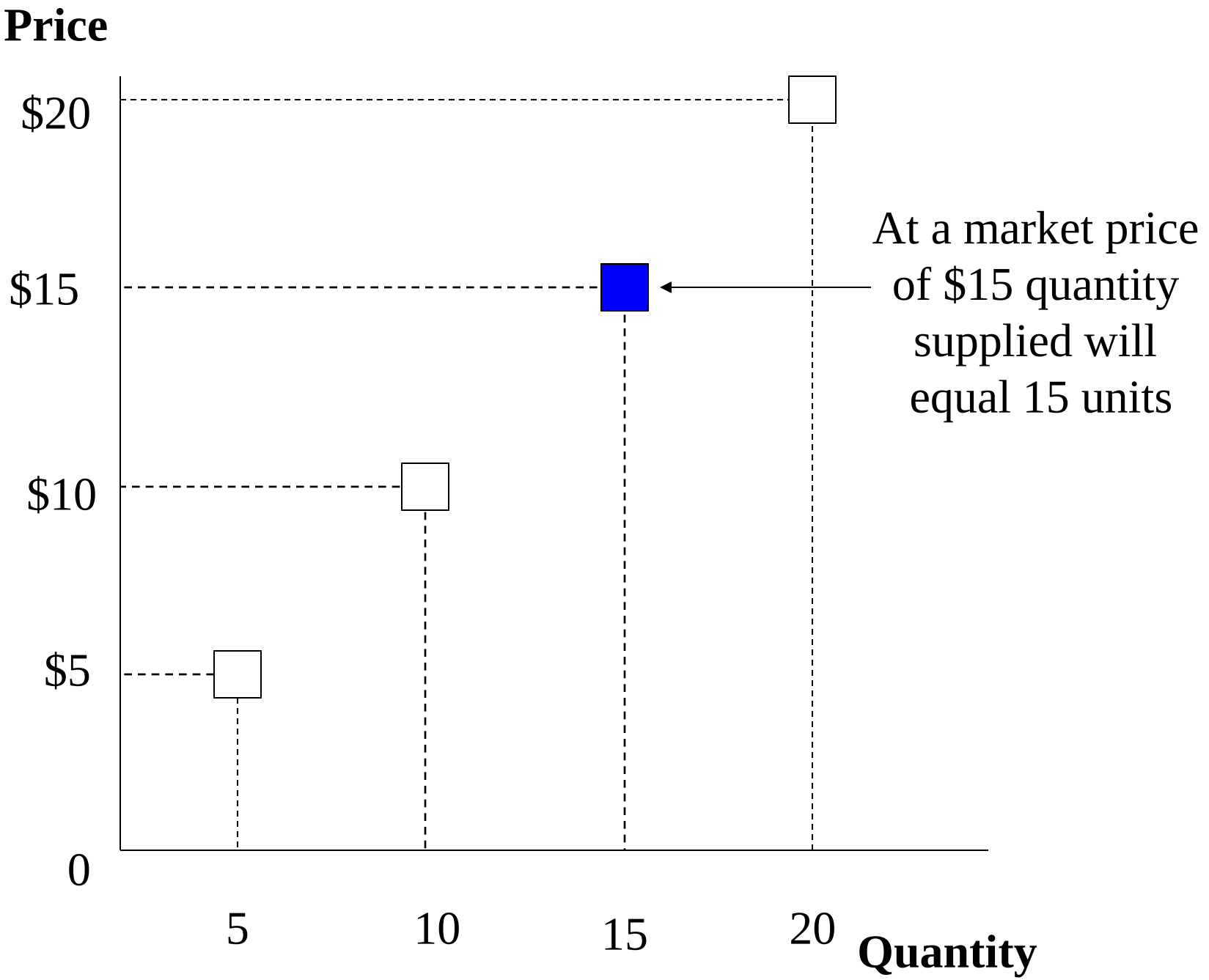
Price increases to $15
quantity demanded
decreases to 5 units

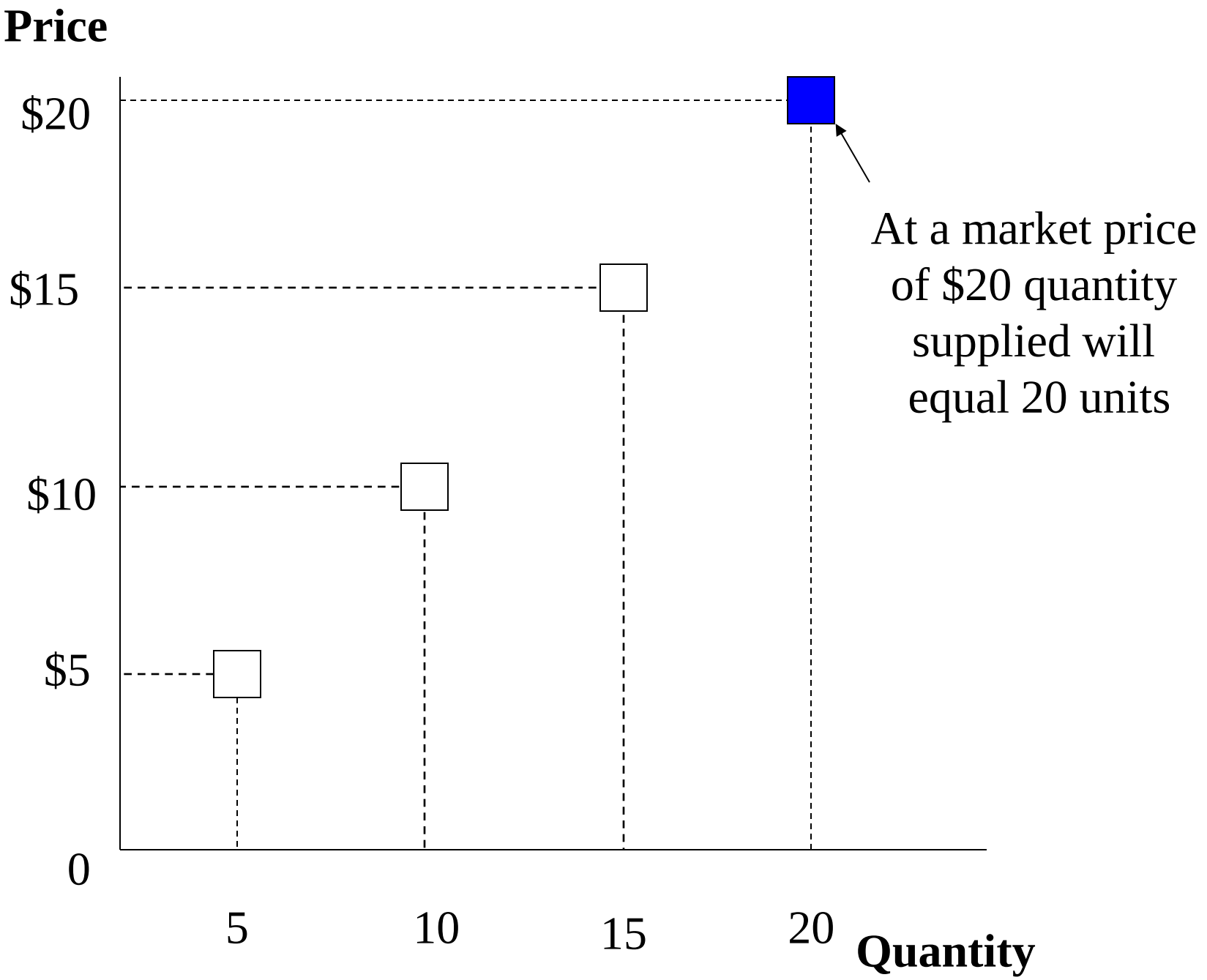
Supply and Demand – Without Line Graphs

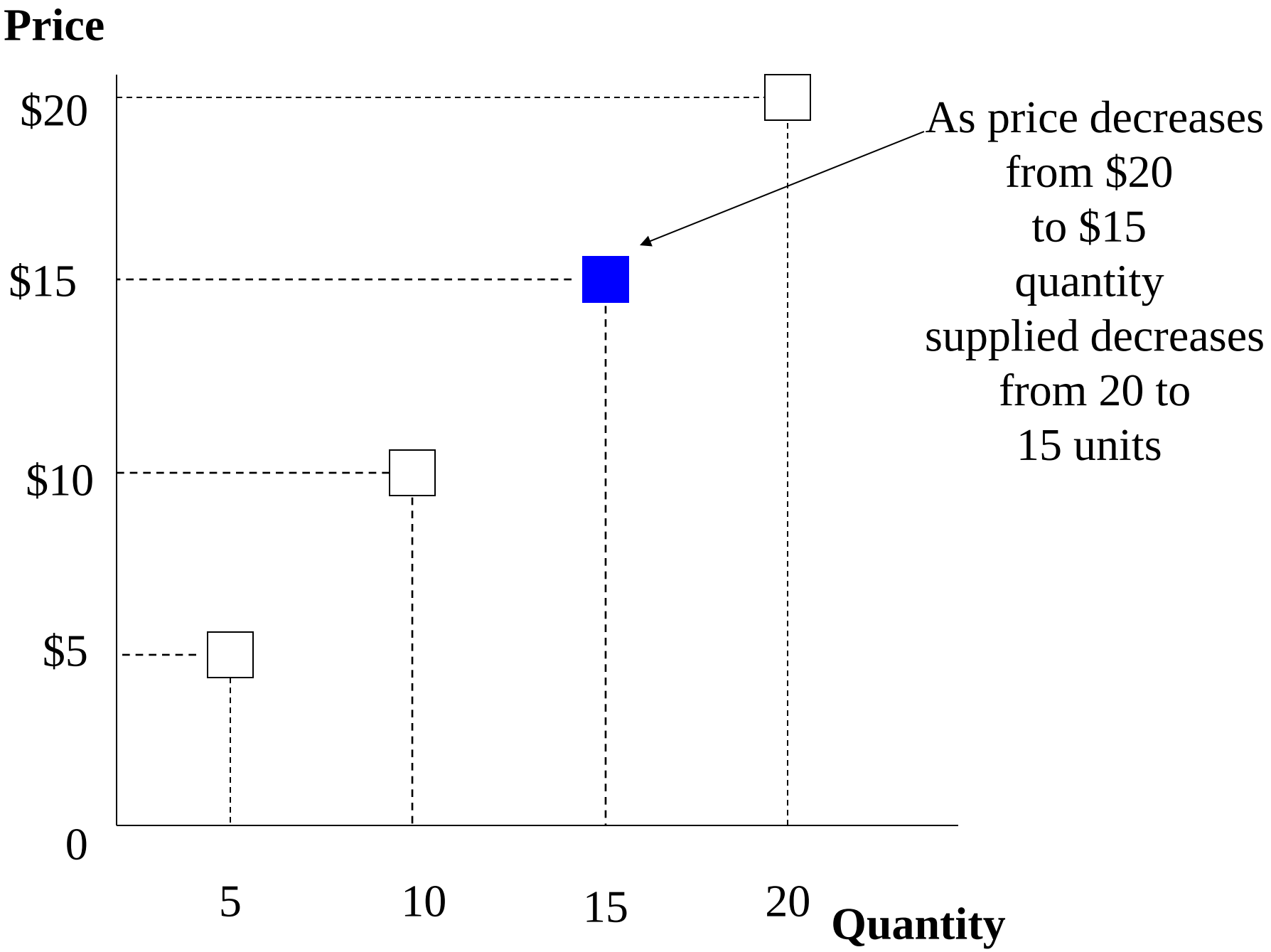
Part 2 – Changes in Quantity Supplied

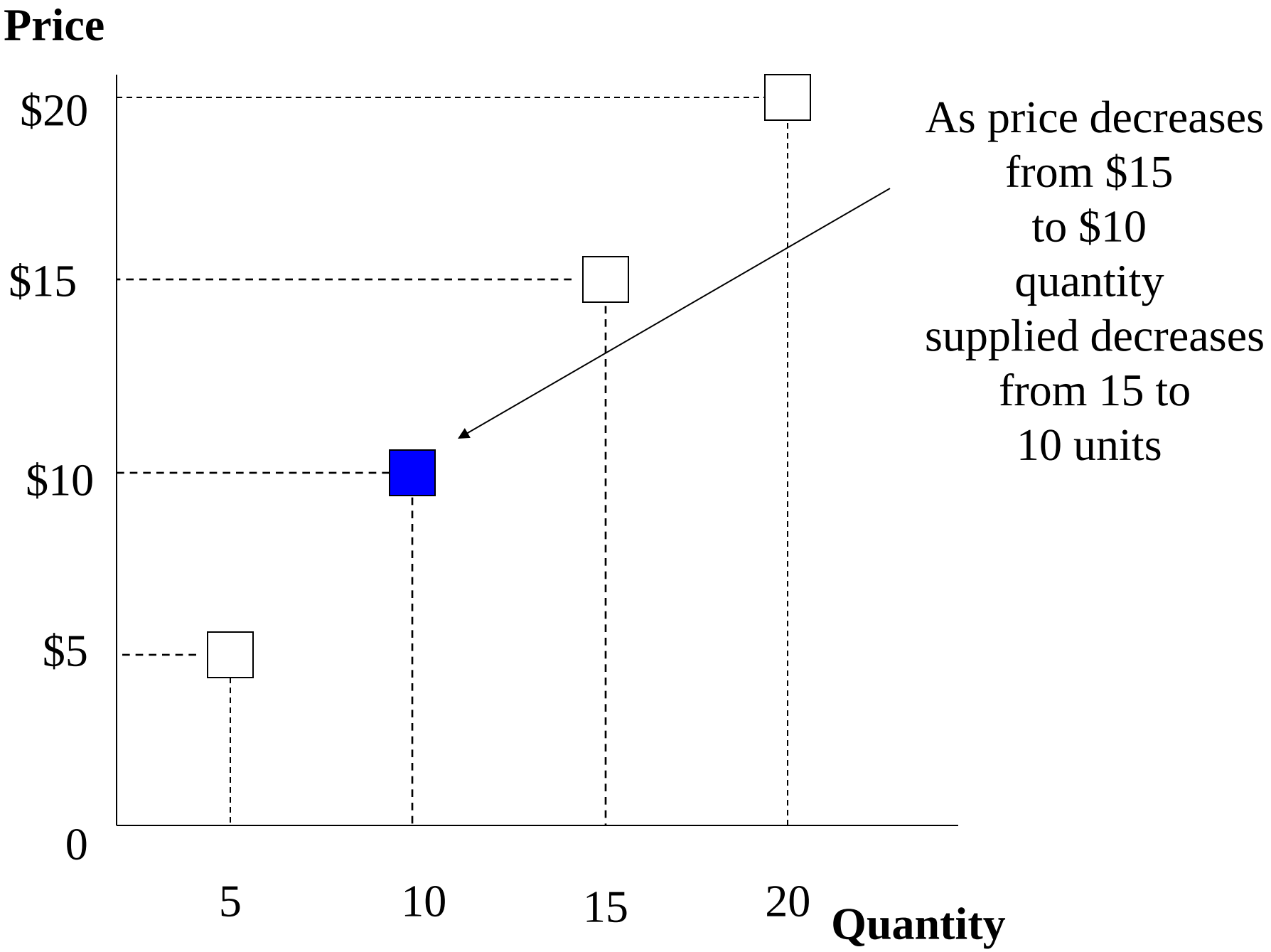

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
At a market price of $5 quantity supplied will equal 5 units

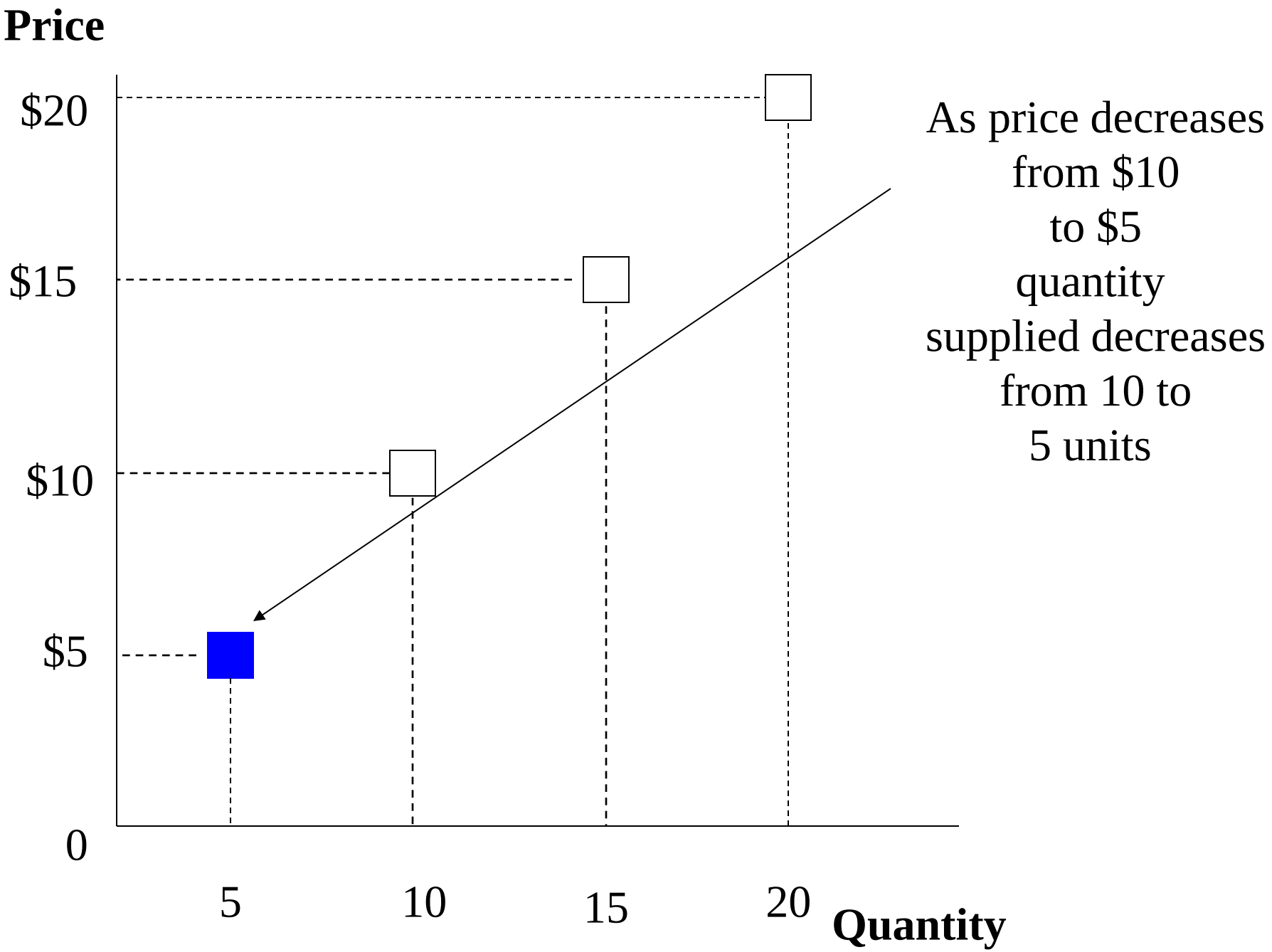

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
At a market price of $10 quantity supplied will equal 10 units


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
At a market price of $15 quantity supplied will equal 15 units


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
At a market price of $20 quantity supplied will equal 20 units


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
As price decreases from $20 to $15 quantity supplied decreases from 20 to 15 units

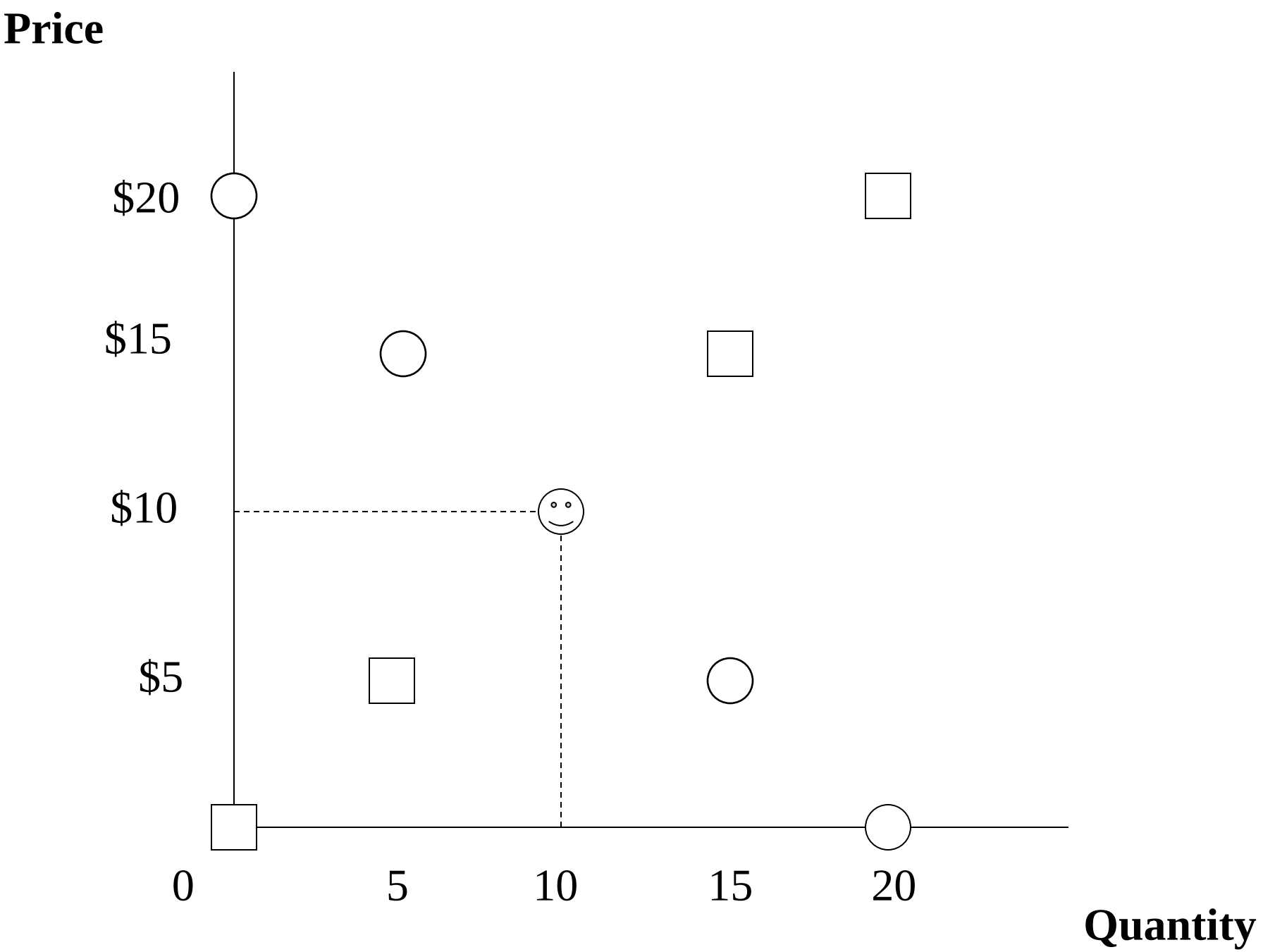

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity
As price decreases from $15 to $10 quantity supplied decreases from 15 to 10 units

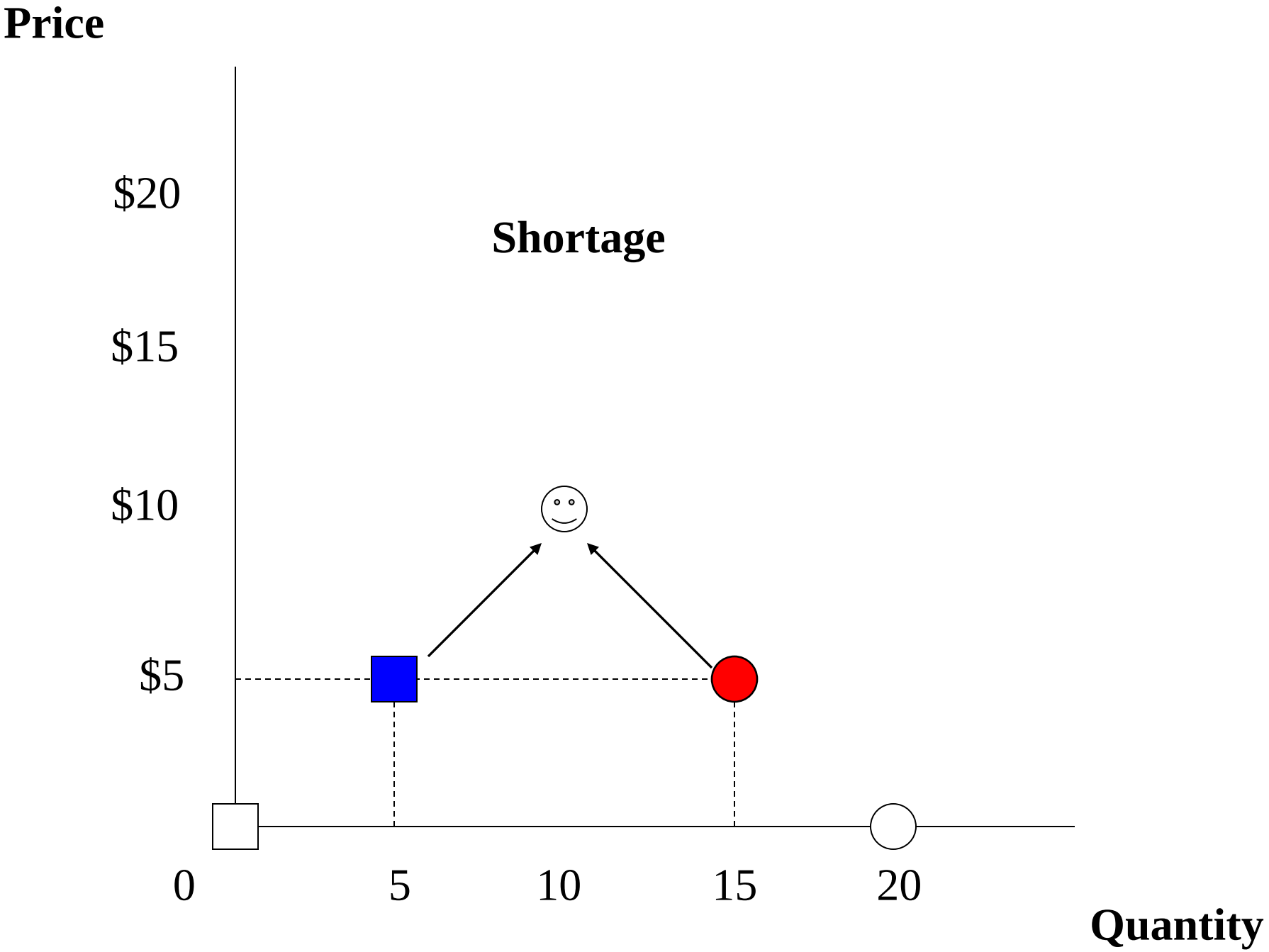


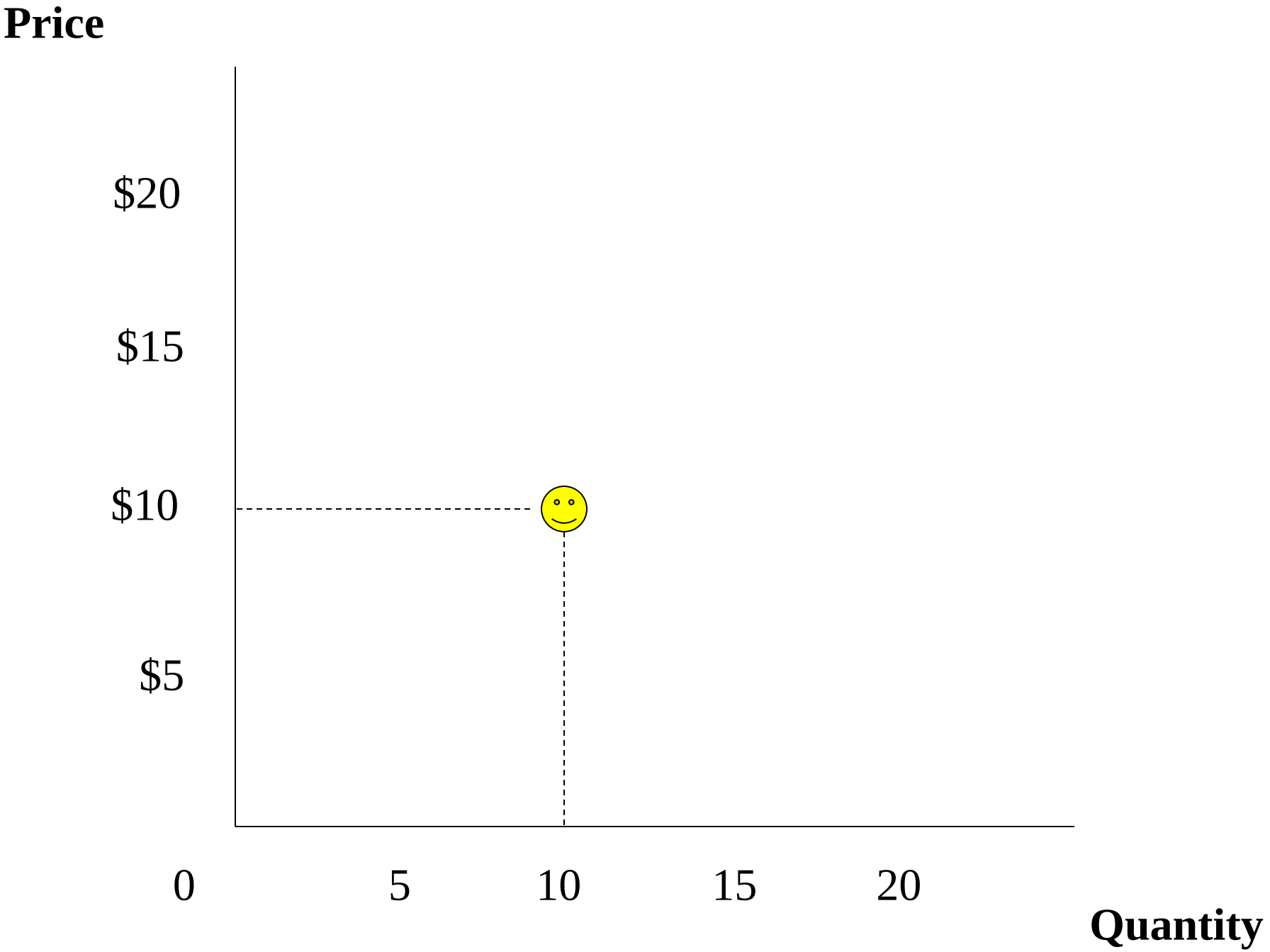
As price decreases from $10 to $5 quantity supplied decreases from 10 to 5 units

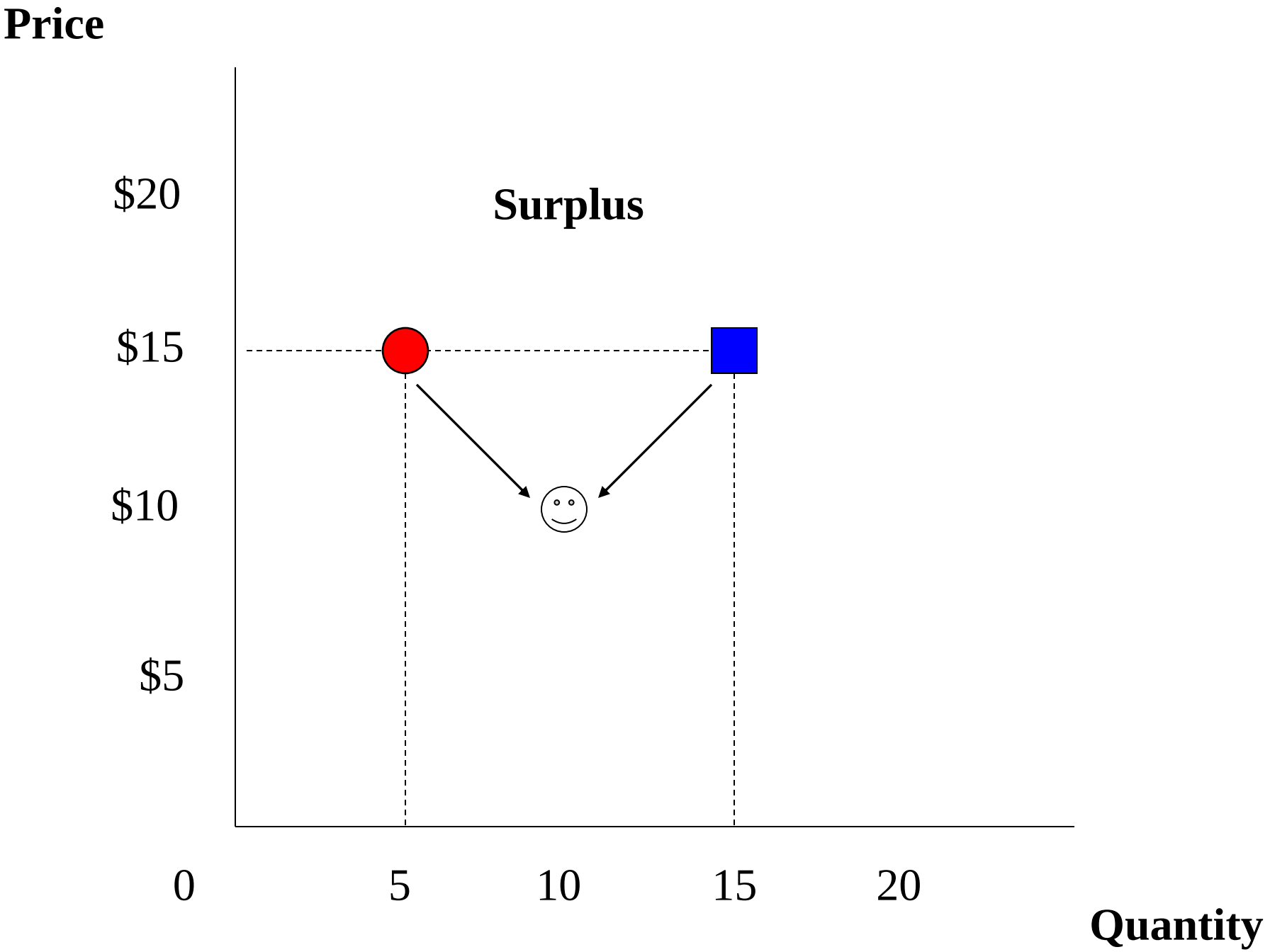
Supply and Demand – Without Line Graphs

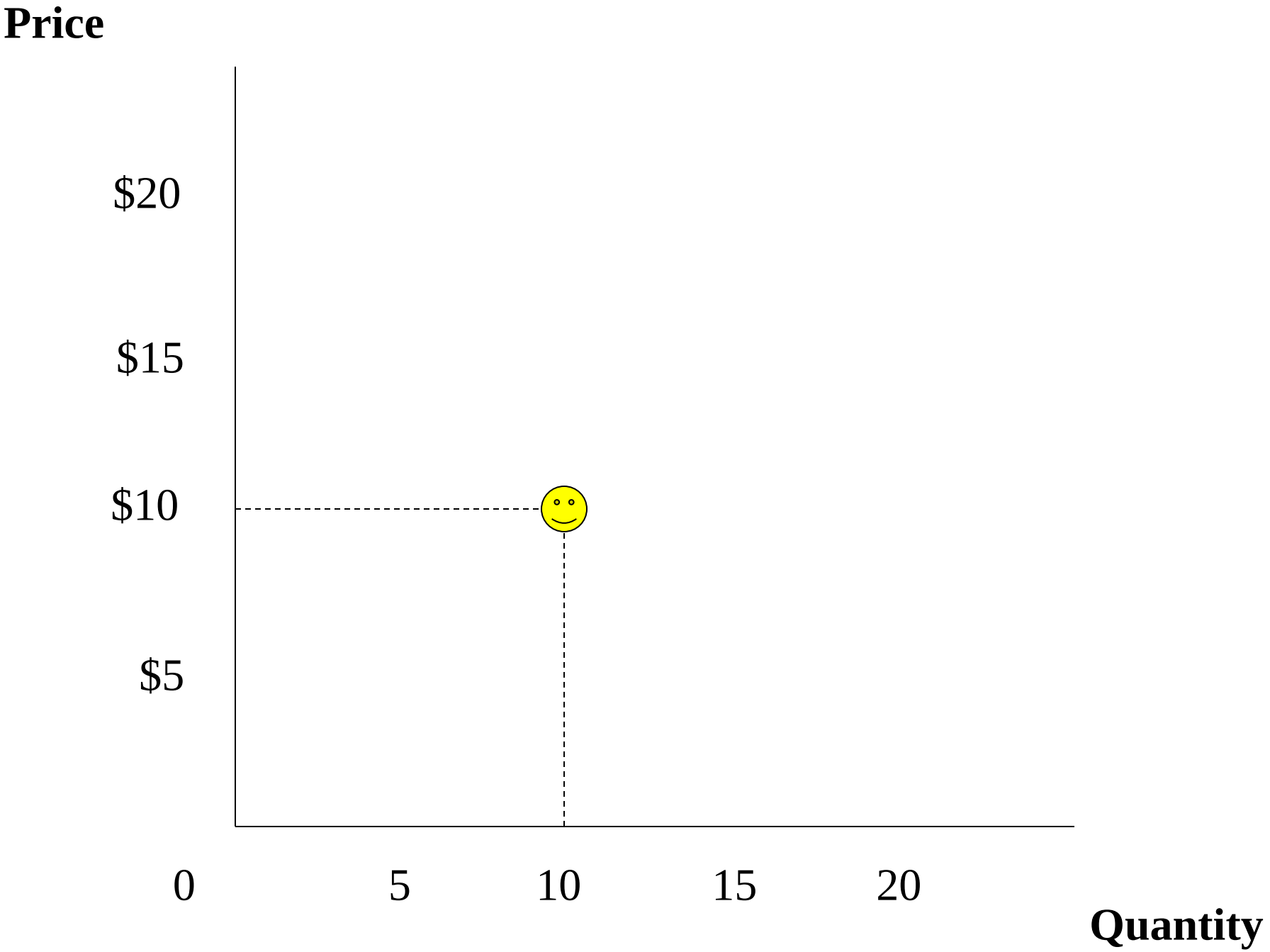
Part 3 – Equilibrium


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity


Price
$20
$15
$10
$5
Shortage
0
5
10
15
20
Quantity

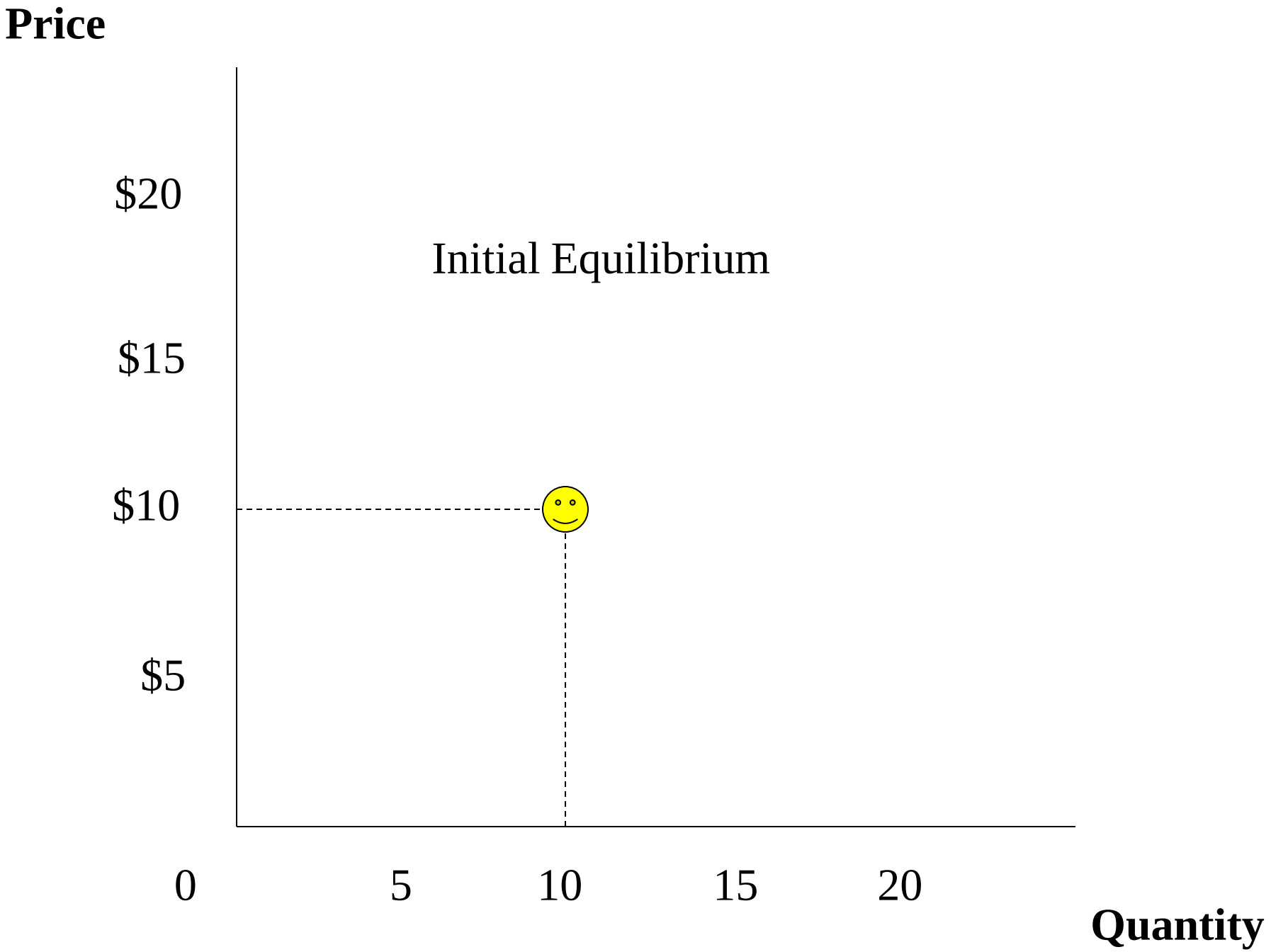

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

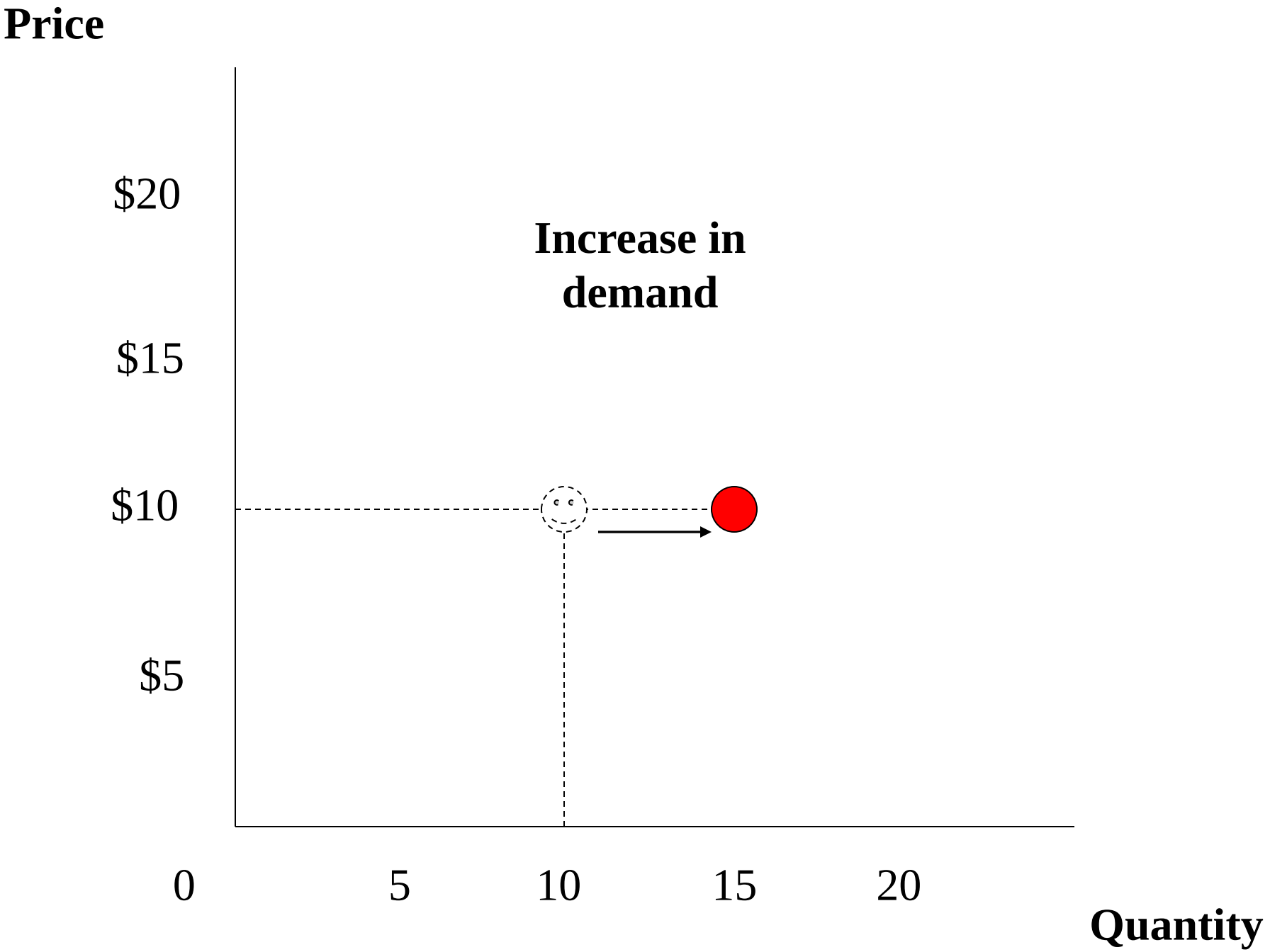

Price
$20
$15
$10
$5
Surplus
0
5
10
15
20
Quantity

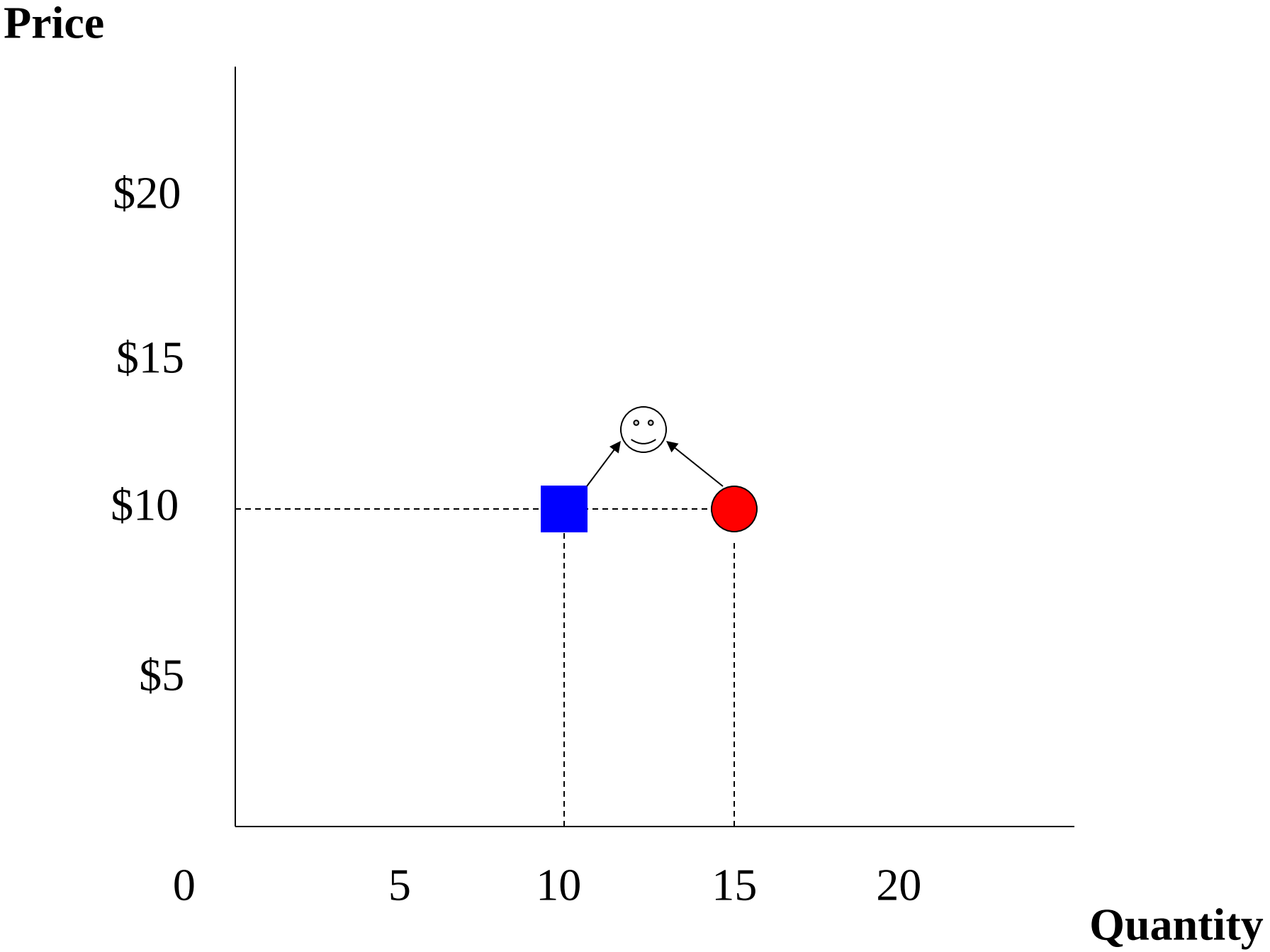

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

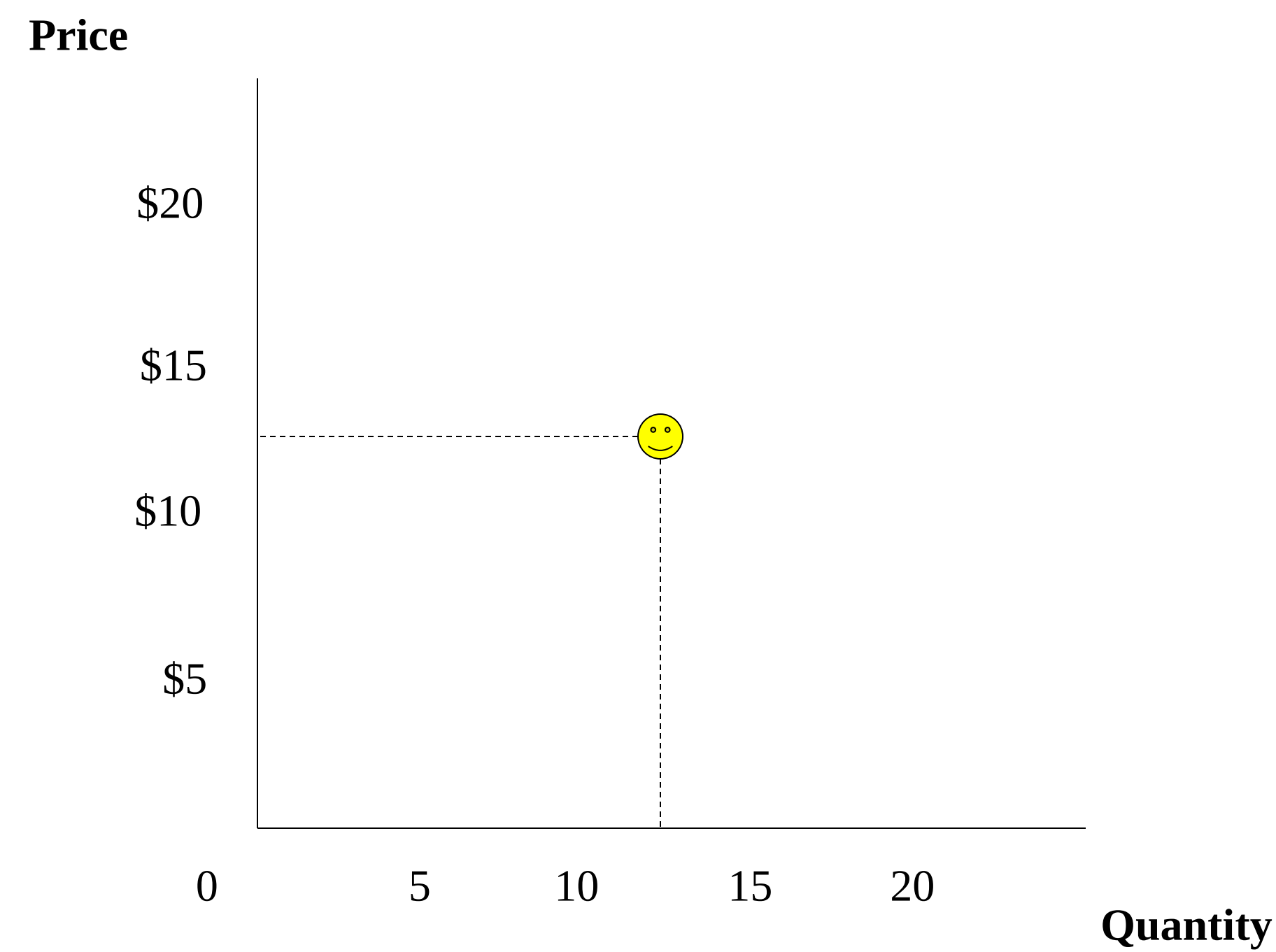
Supply and Demand – Without Line Graphs

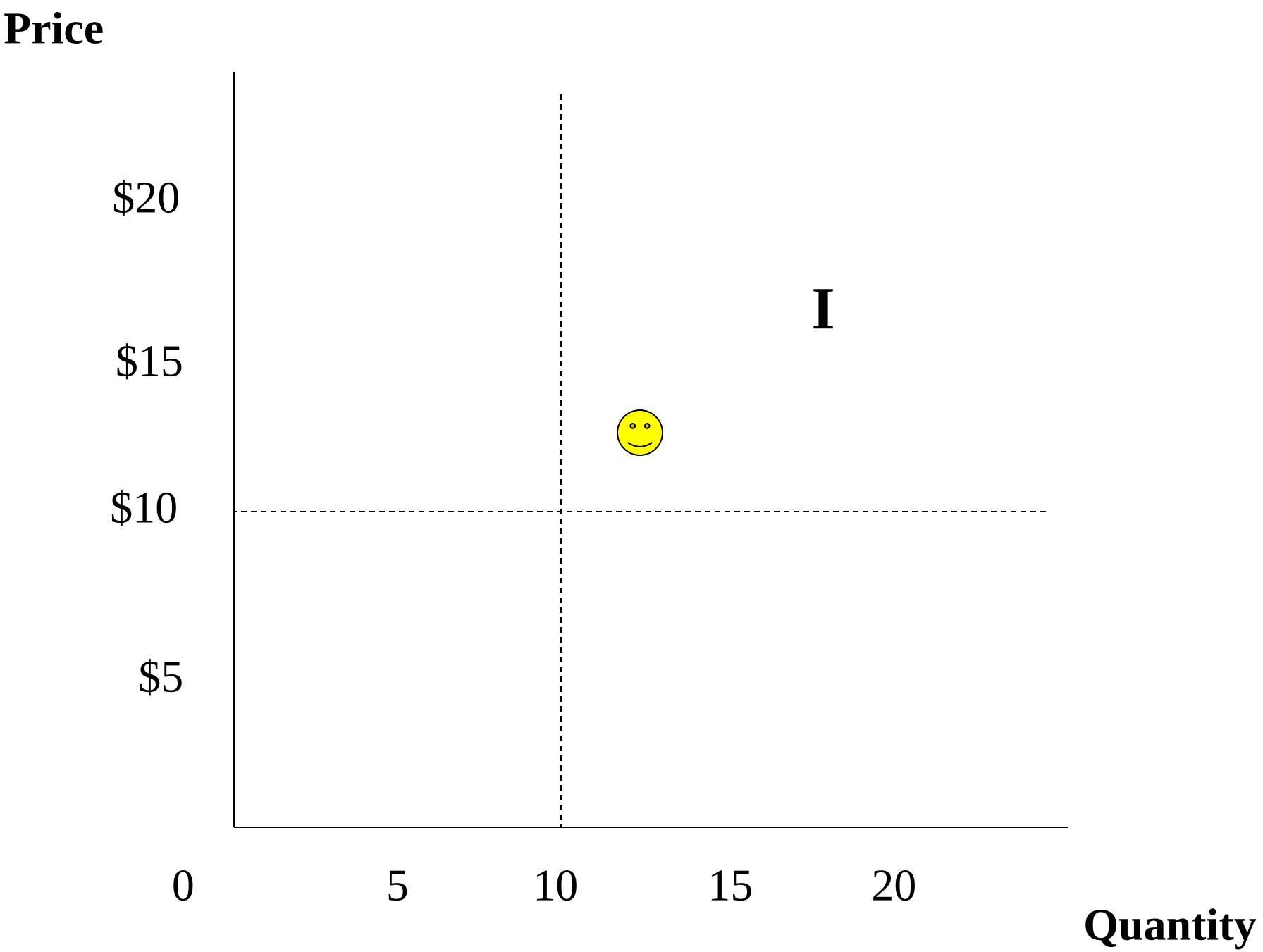
Part 4 – Changes in Equilibrium

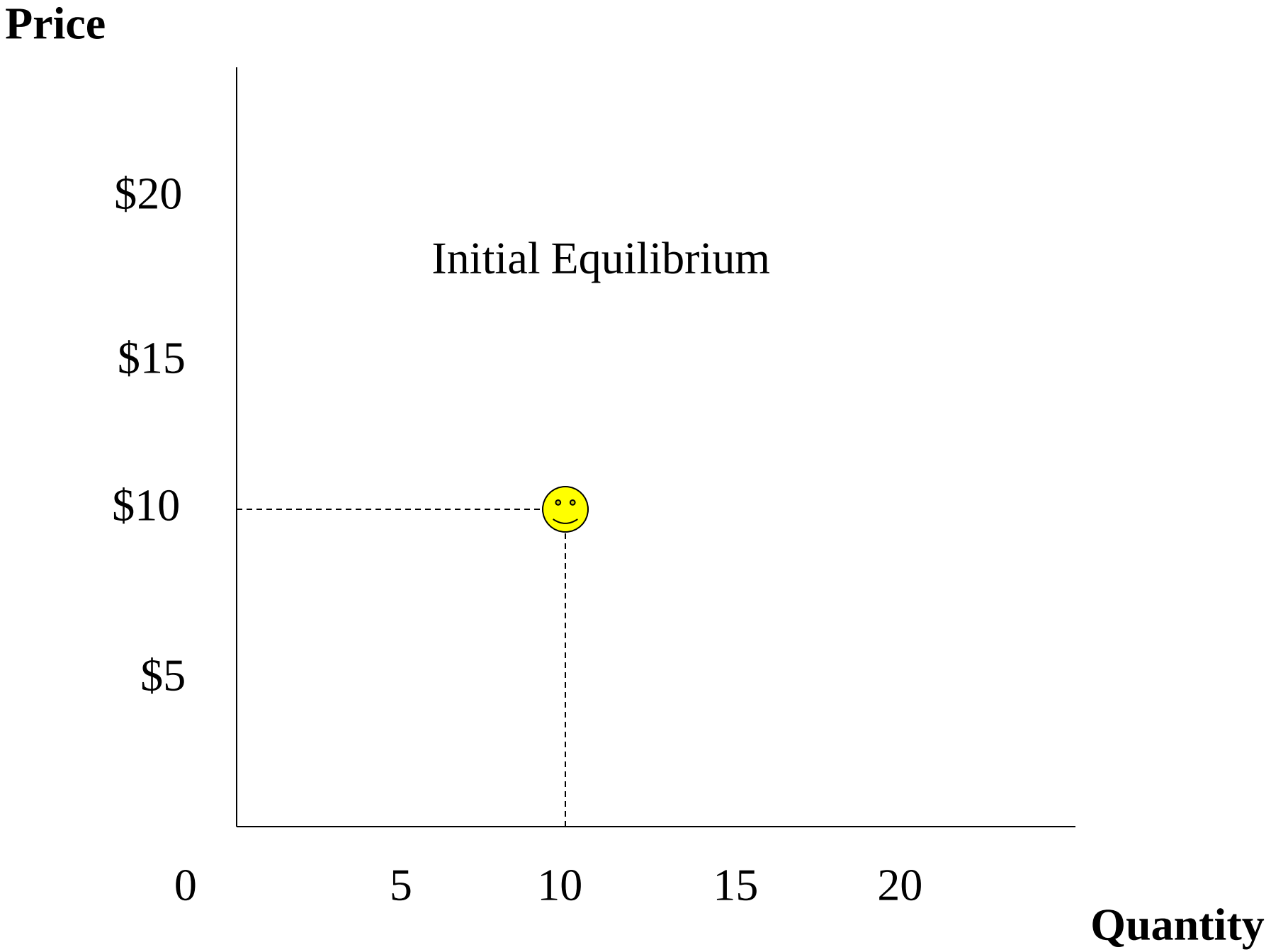

Price
$20
Initial Equilibrium
$15
$10
$5
0
5
10
15
20
Quantity

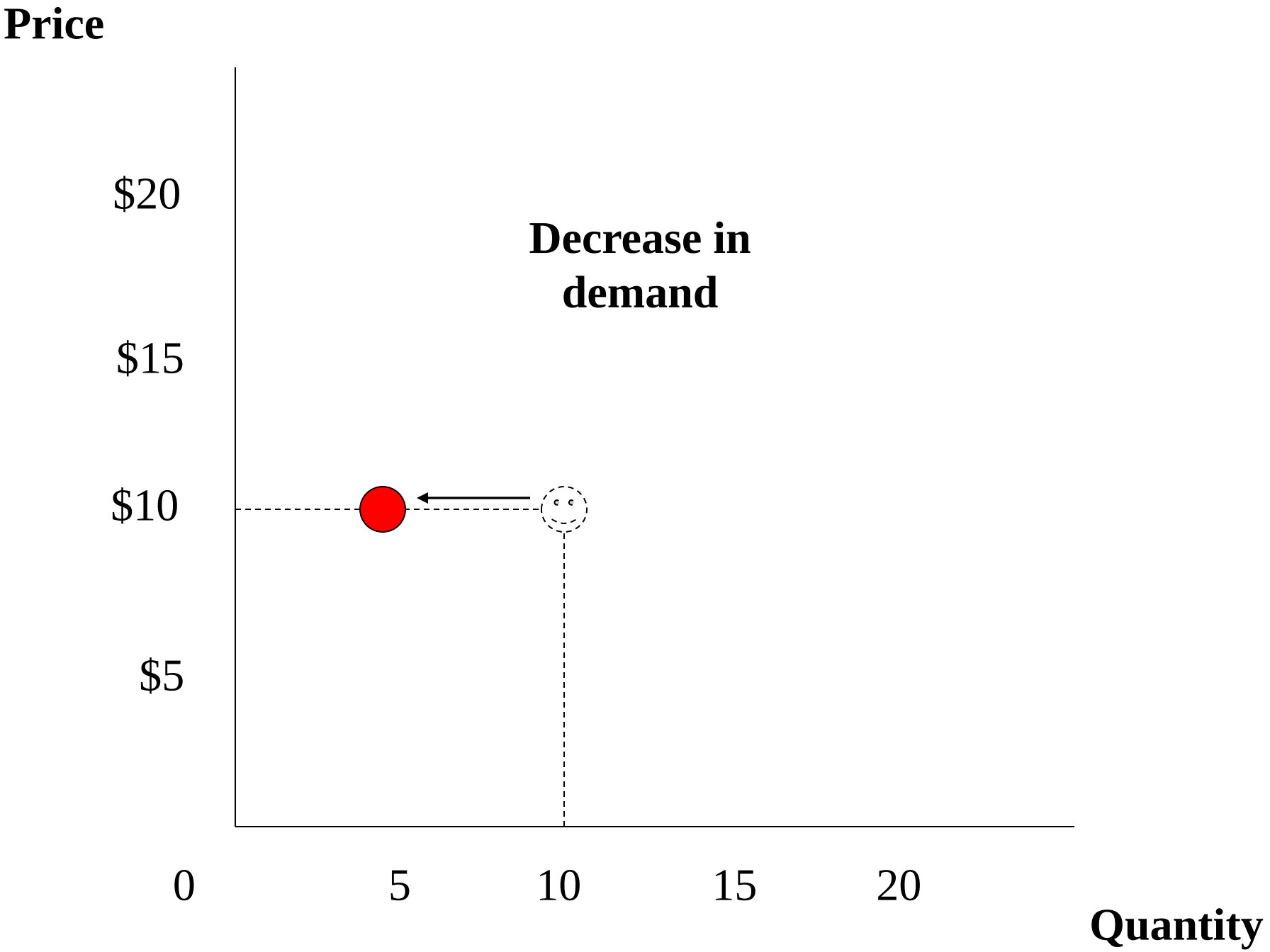

Price
$20
$15
$10
$5
Increase in demand
0
5
10
15
20
Quantity

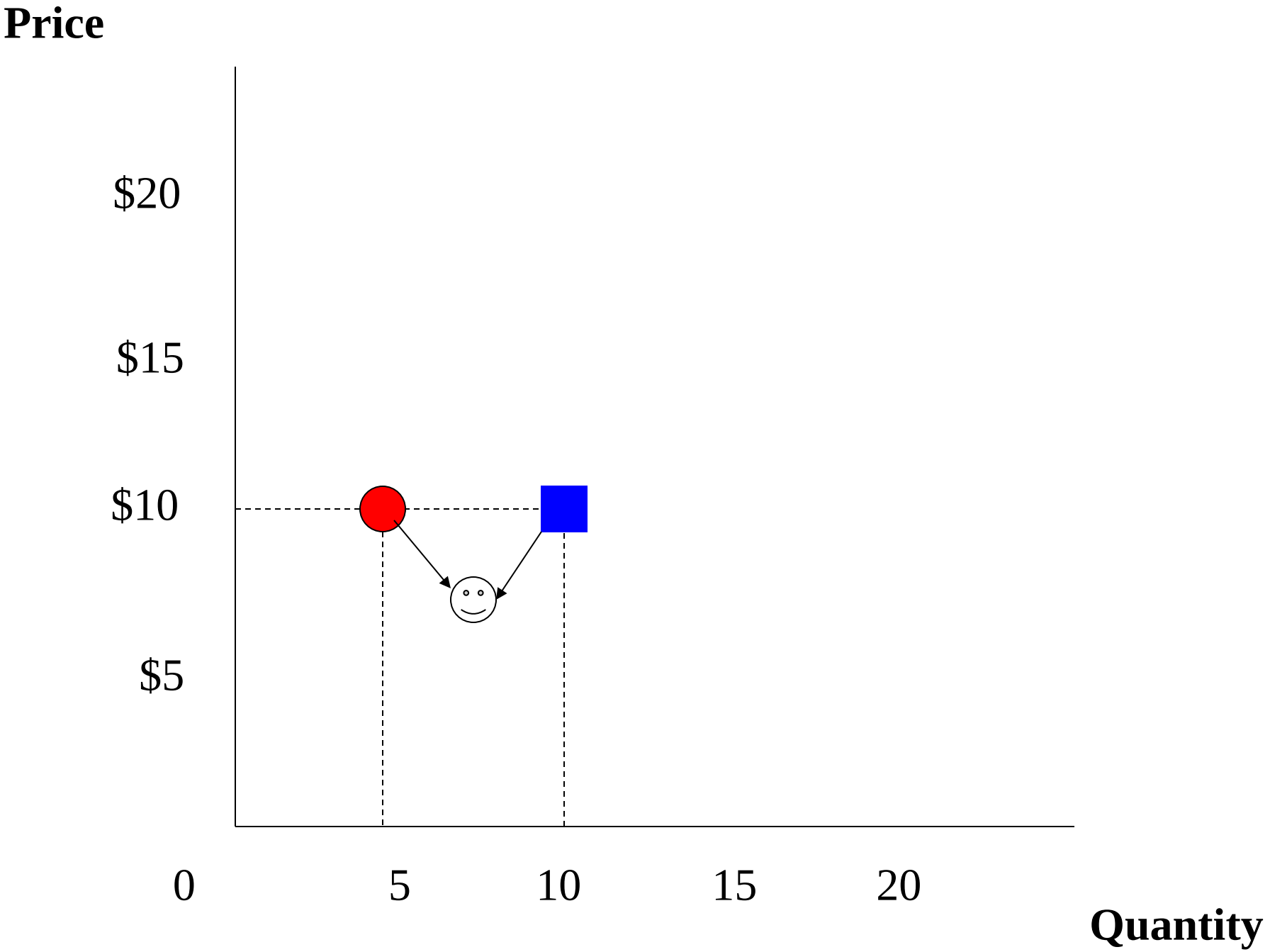

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

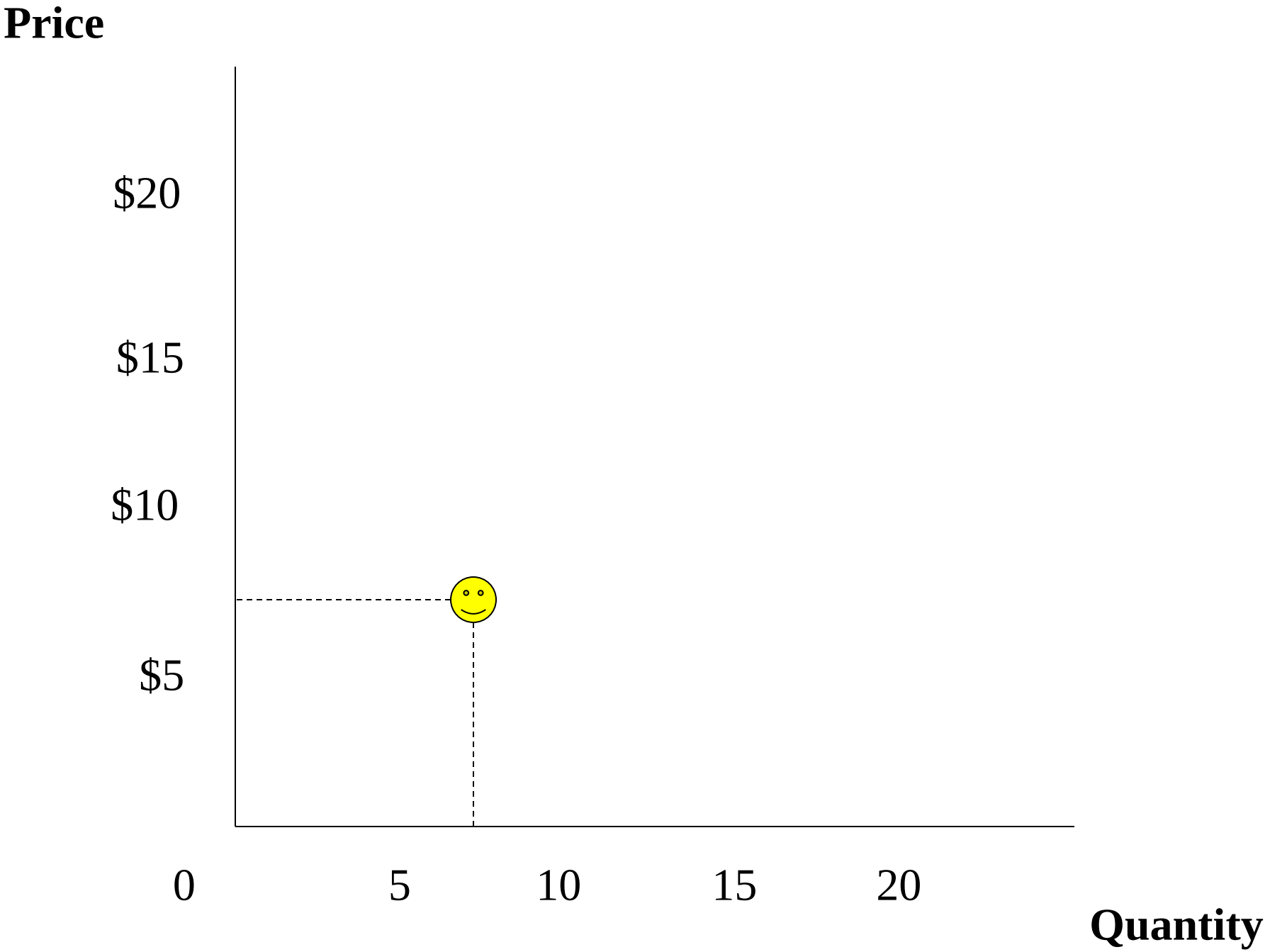

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

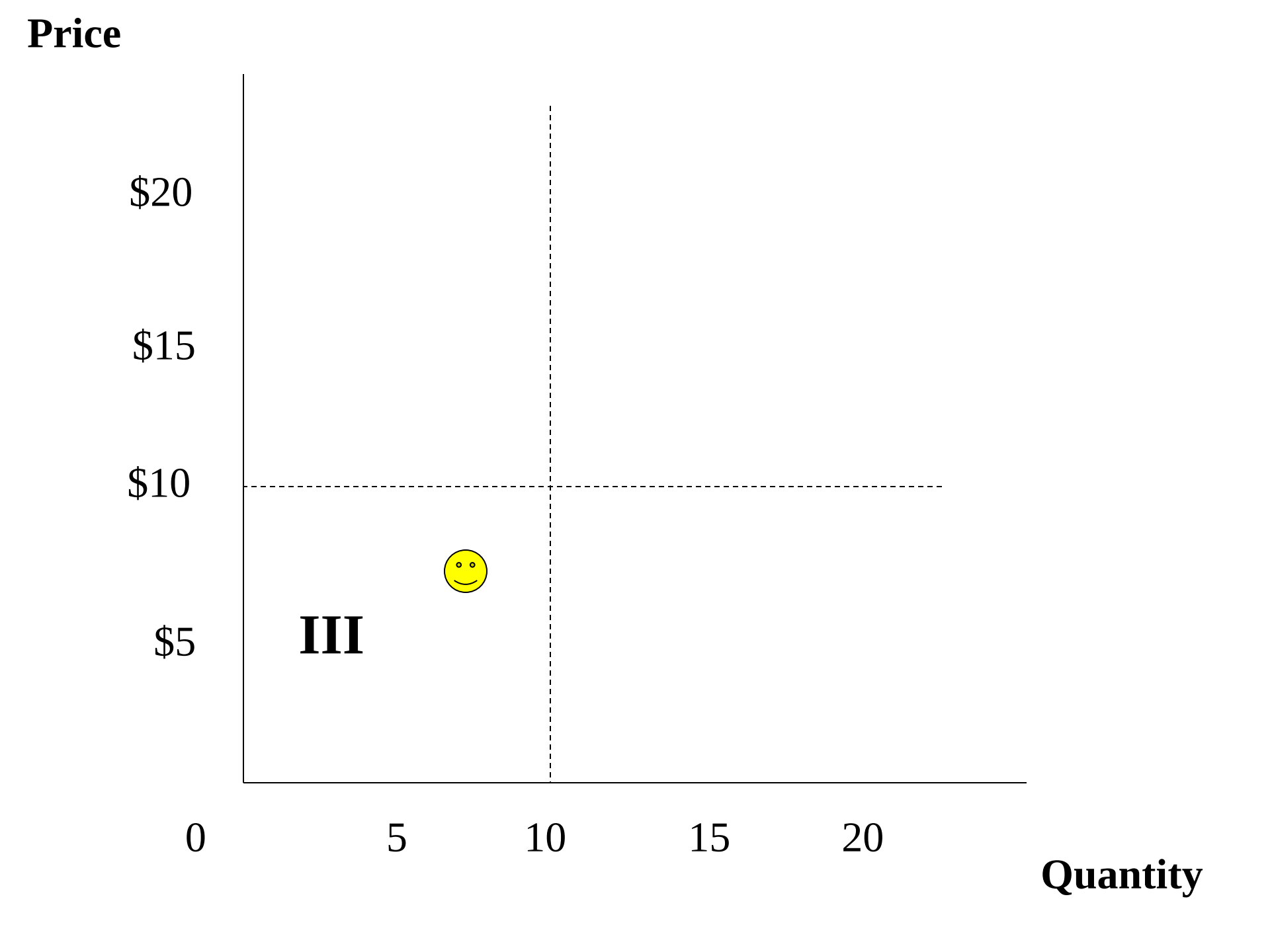

Price
$20
$15
$10
$5
I
0
5
10
15
20
Quantity

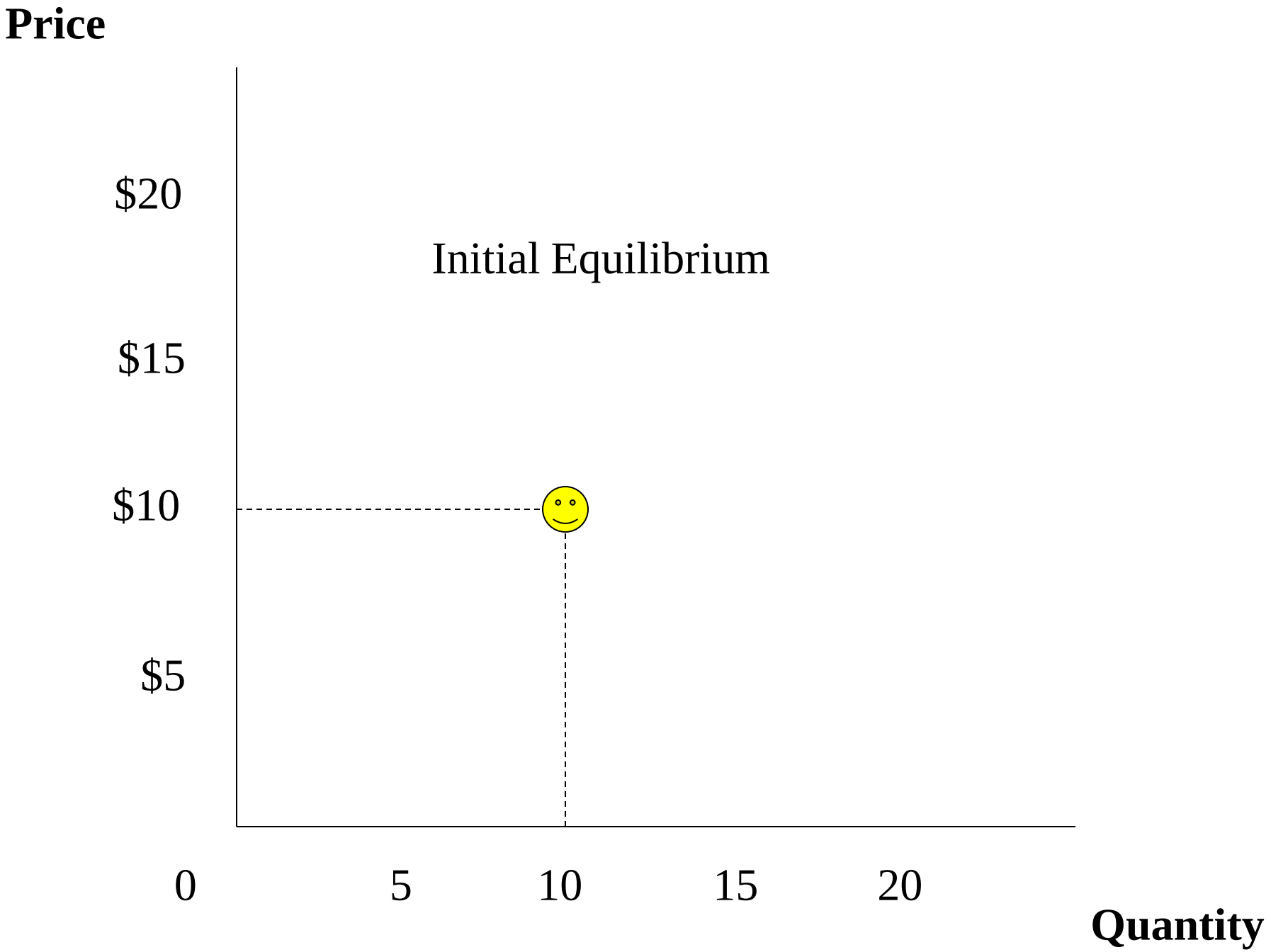

Price
$20
Initial Equilibrium
$15
$10
$5
0
5
10
15
20
Quantity

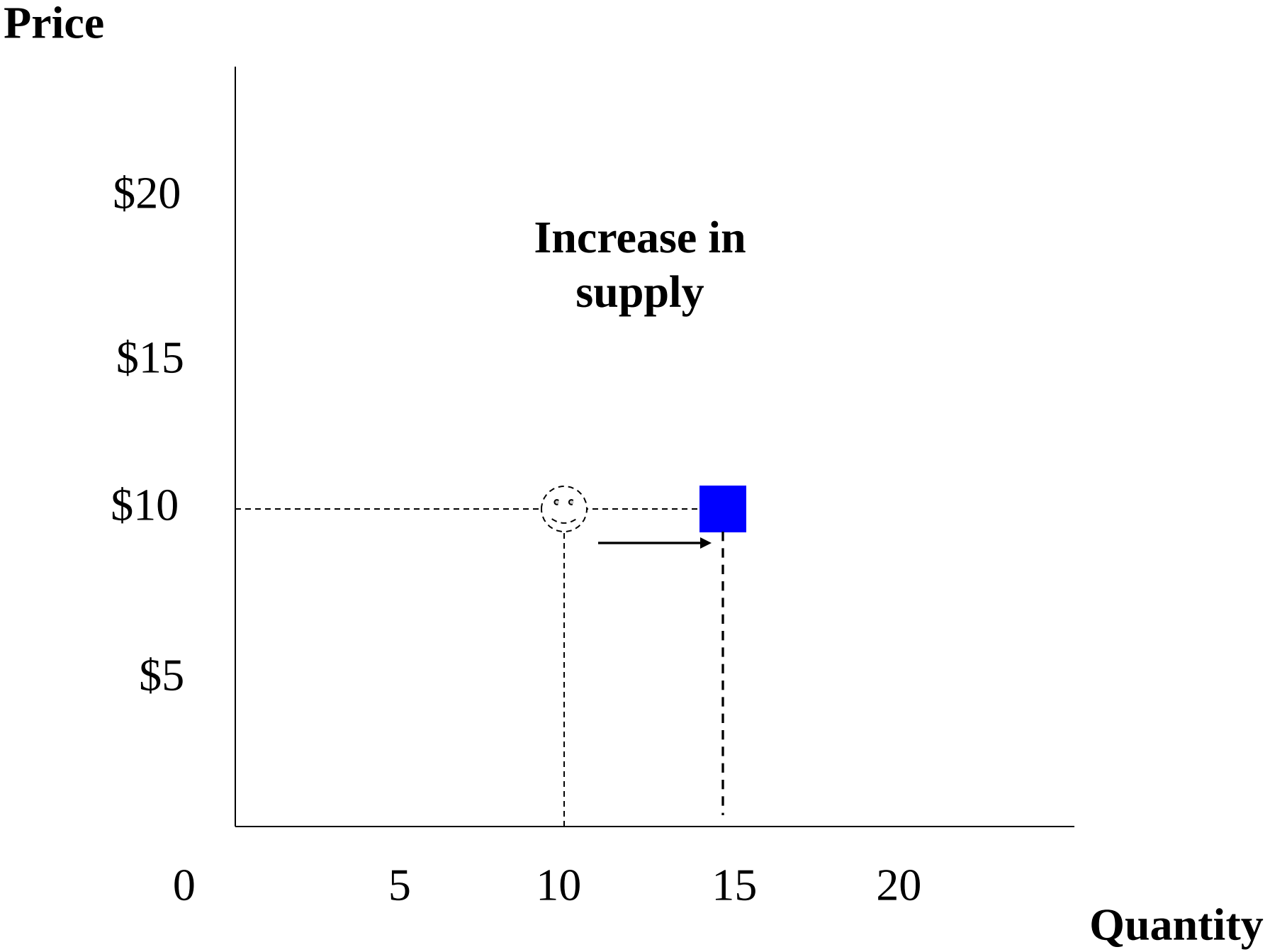

Price
$20
$15
$10
$5
Decrease in demand
0
5
10
15
20
Quantity

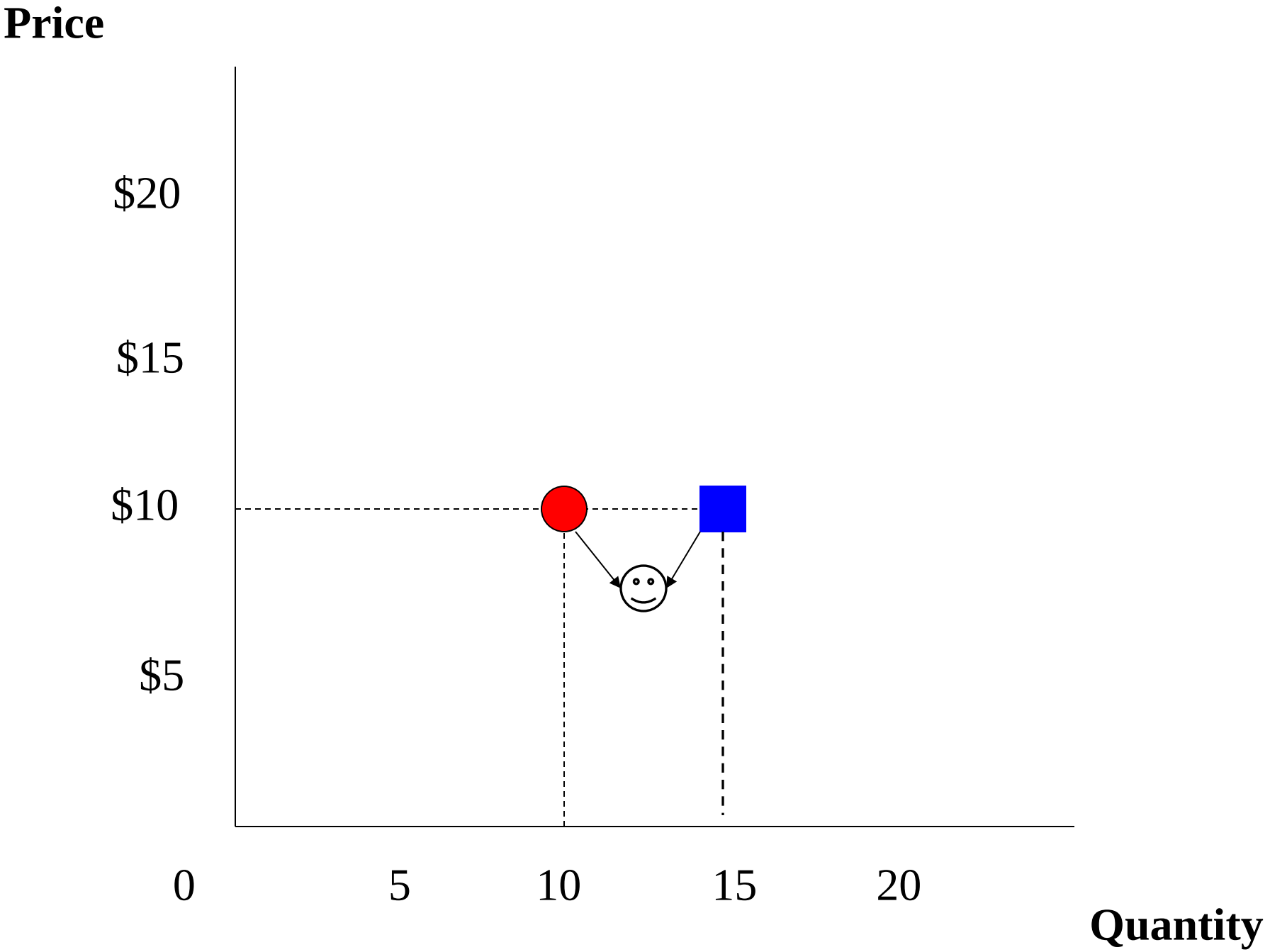

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

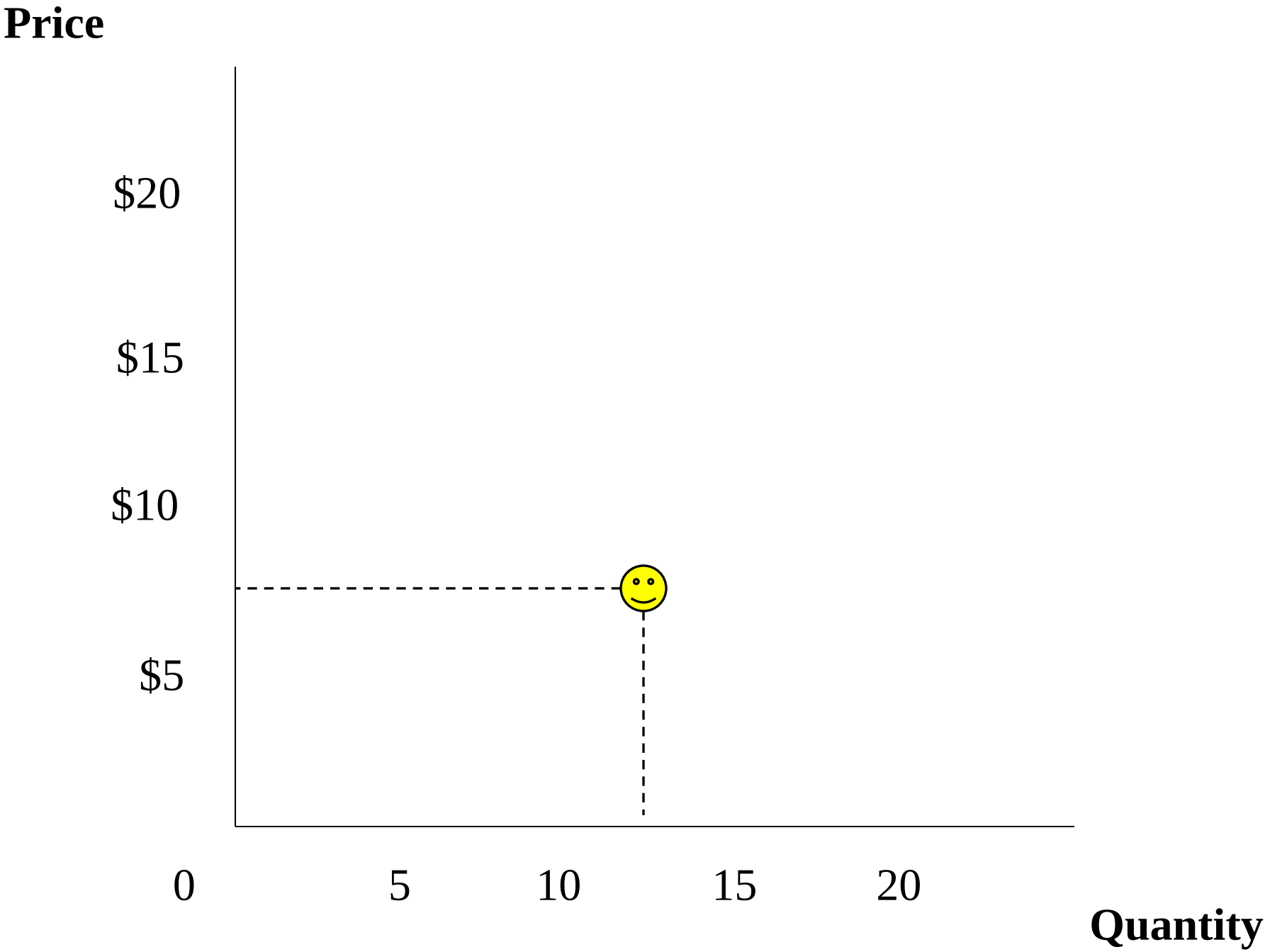

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

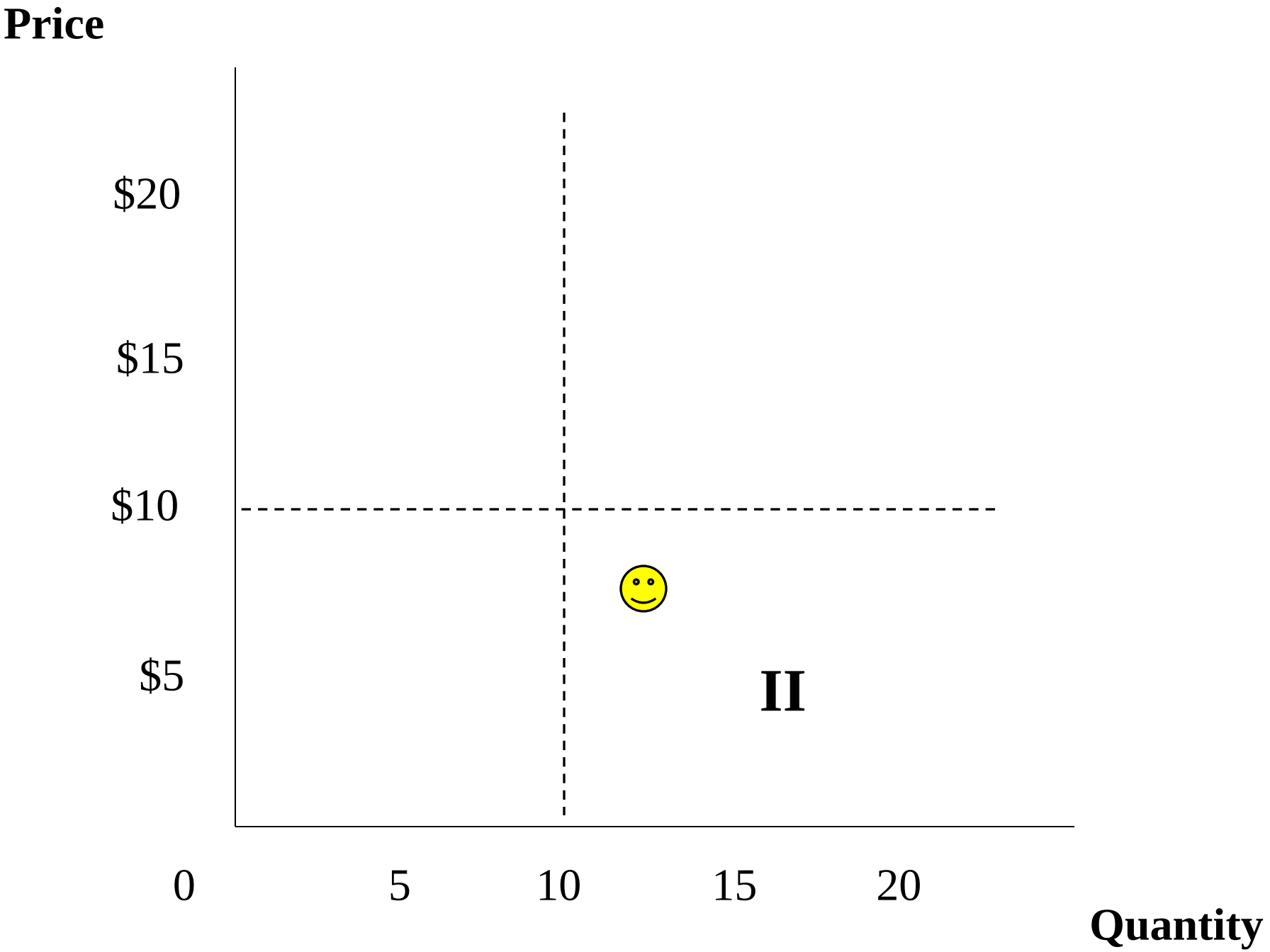

Price
$20
$15
$10
$5
III
0
5
10
15
20
Quantity

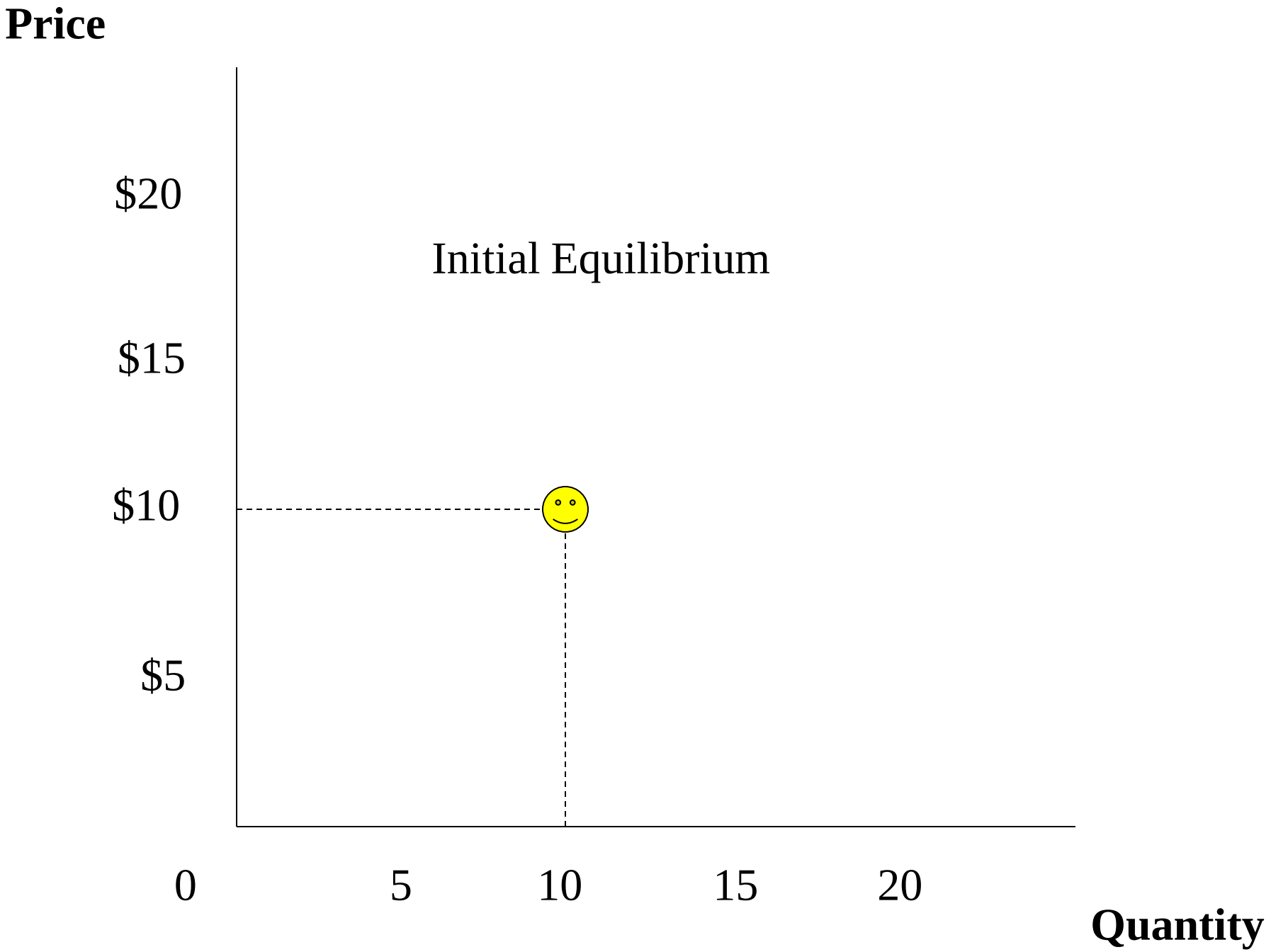

Price
$20
Initial Equilibrium
$15
$10
$5
0
5
10
15
20
Quantity

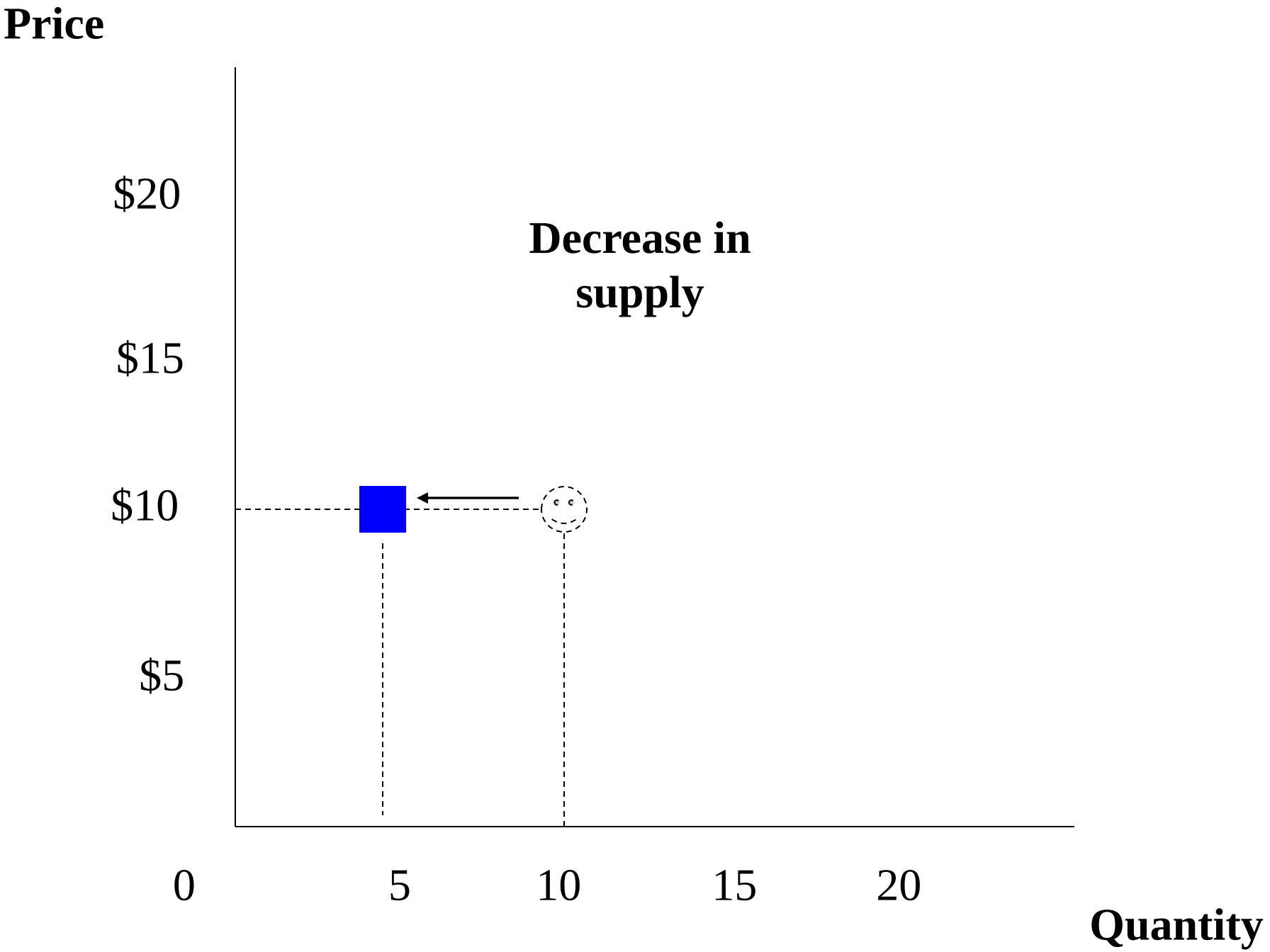

Price
$20
$15
$10
$5
Increase in supply
0
5
10
15
20
Quantity

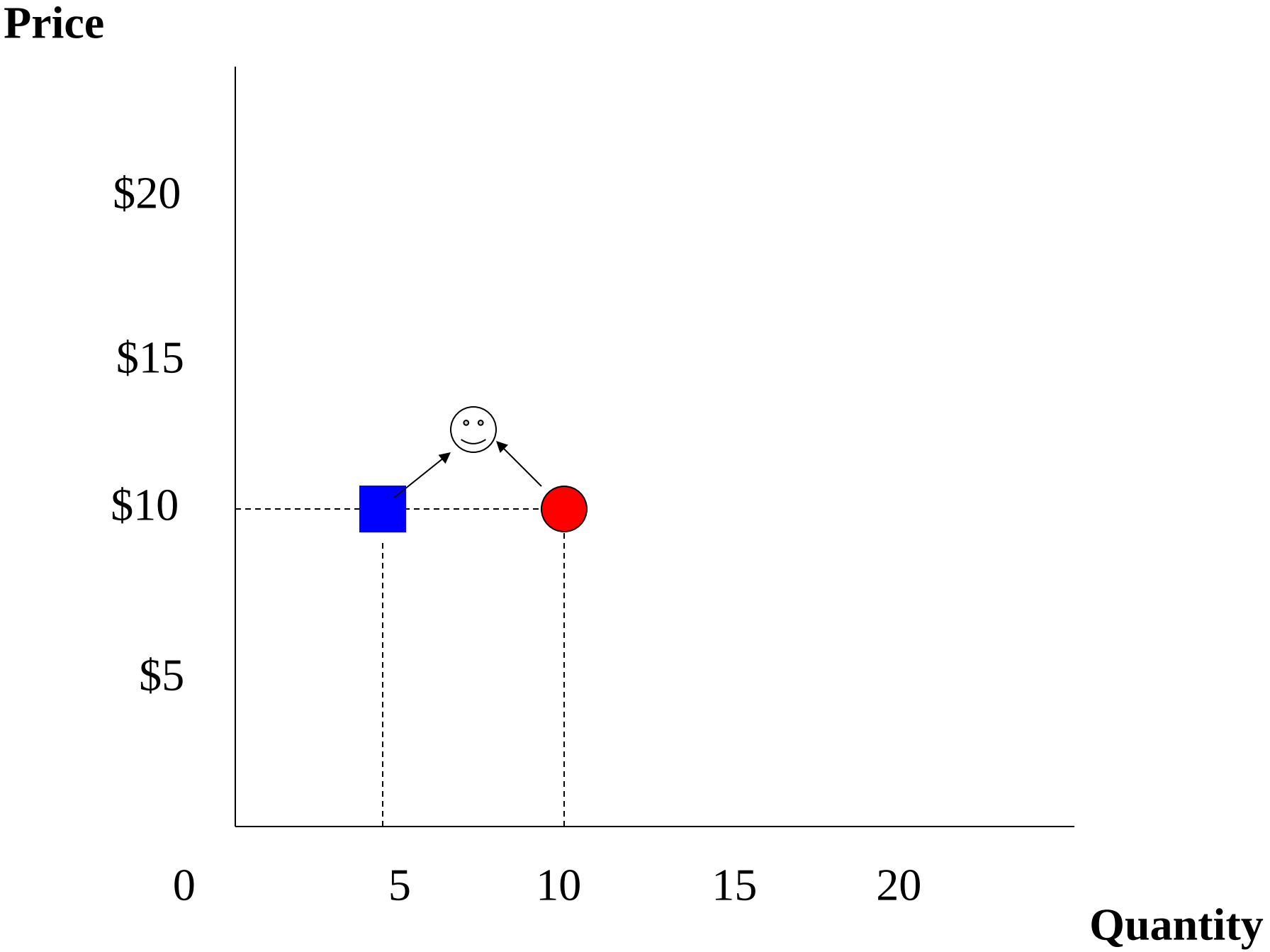

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

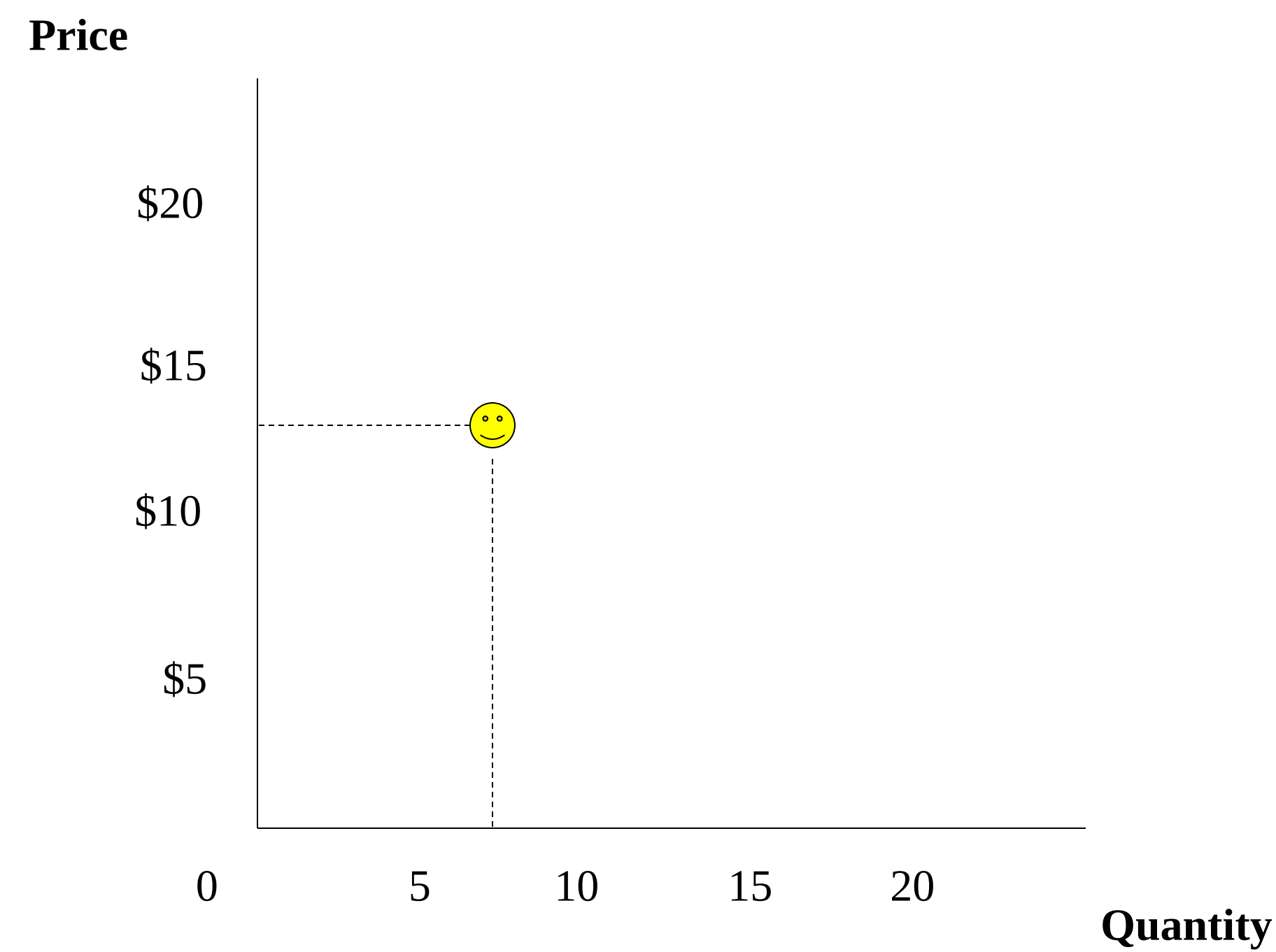

Price
$20
$15
$10
$5
0
5
10
15
20
Quantity

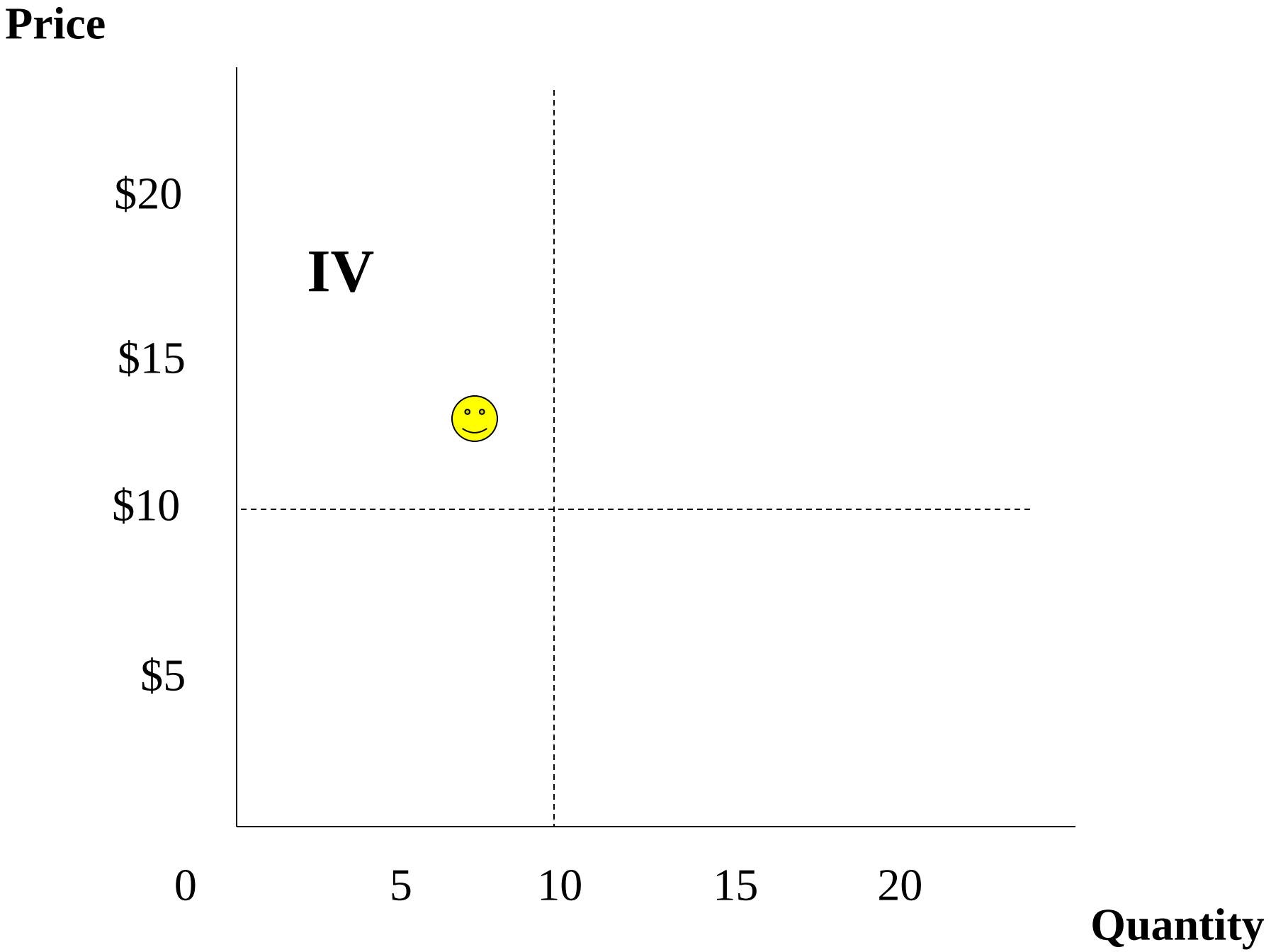

Price
$20
$15
$10
$5
II
0
5
10
15
20
Quantity

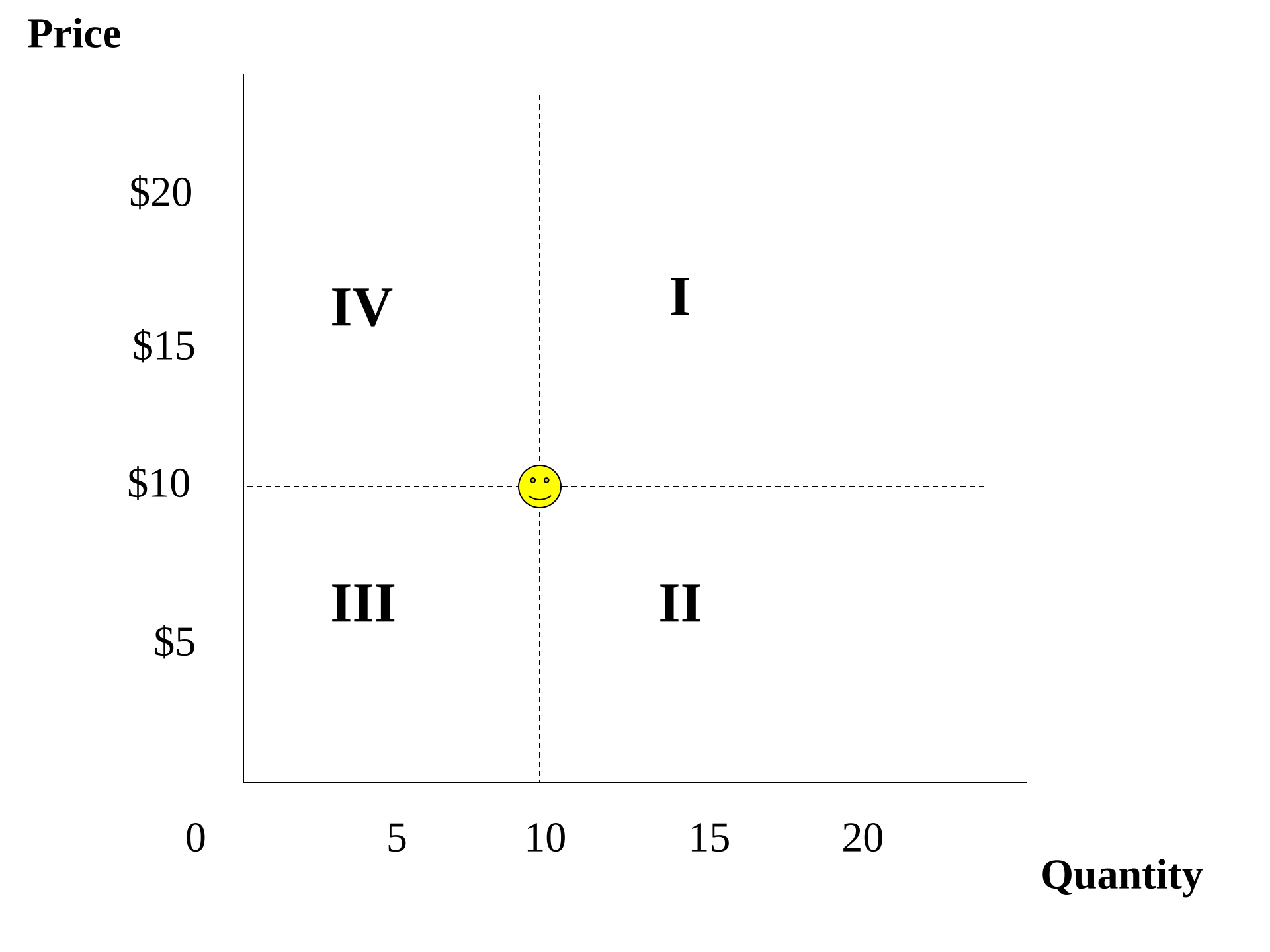

Price
$20
Initial Equilibrium
$15
$10
$5
0
5
10
15
20
Quantity


Price
$20
$15
$10
$5
Decrease in supply
0
5
10
15
20
Quantity


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity


Price
$20
$15
$10
$5
0
5
10
15
20
Quantity


Price
$20
IV
$15
$10
$5
0
5
10
15
20
Quantity


Price
$20
$15
$10
$5
IV
I
III
II
0
5
10
15
20
Quantity

Summary

- An increase in demand will move equilibrium price and quantity into **quadrant I**
- A decrease in demand will move equilibrium price and quantity into **quadrant III**
- An increase supply will move equilibrium price and quantity into **quadrant II**
- A decrease in supply will move equilibrium price and price and quantity into **quadrant IV**