

1.6 Market Equilibrium, Disequilibrium, and Changes in Equilibrium

Name: _____ Class: _____ Date: _____

Total: 9 marks

KEY WORDS equilibrium 均衡 • surplus 过剩 • shortage 短缺 • price ceiling 价格上限
• price floor 价格下限

Objective

Build the skills to answer exam questions on **market equilibrium, disequilibrium, and changes in equilibrium**.

You must be able to:

- identify the **equilibrium** 均衡 price and quantity where supply meets demand
- explain how a **surplus** 过剩 or **shortage** 短缺 pushes price back to equilibrium
- predict the effect of a shift in supply or demand on price and quantity
- explain how a binding **price ceiling** 价格上限 or **price floor** 价格下限 works

1 Worked examples

Study these first. Each one shows the method for a question type used later.

■ Equilibrium

The price where quantity supplied equals quantity demanded; there is no pressure to change.

■ Surplus and shortage

Above equilibrium → a **surplus** (excess supply), so price **falls**. Below equilibrium → a **shortage** (excess demand), so price **rises**.

■ Shifts

- Demand **rises** → price up, quantity up.
- Supply **rises** → price down, quantity up.

A binding **ceiling** (below equilibrium) causes a lasting **shortage**; a binding **floor** (above) causes a lasting **surplus**.

2 Practice

2.1 Define market equilibrium. [1]

2.2 State what happens to price when there is a surplus. [1]

2.3 State the effect of an increase in demand on the equilibrium price and quantity. [2]

3 Exam-style questions

3.1 A price set above equilibrium creates a [1]

A	B
C	D

A shortage

B surplus

C new equilibrium

D trade deficit

3.2 A binding price ceiling causes a [1]

A	B
C	D

A surplus

B shortage

C higher price

D no effect

3.3 In the market for apples, a good harvest increases supply.

(a) State the effect on the equilibrium price. [1]

(b) State the effect on the equilibrium quantity. [1]

(c) If demand **also** rises at the same time, state which of price or quantity becomes indeterminate. [1]