

2 Demand, supply, and surplus – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)		
Demand	需求	_____	_____	_____
supply	供给	_____	_____	_____
Equilibrium	均衡	_____	_____	_____
Consumer surplus	消费者剩 余	_____	_____	_____
Producer surplus	生产者剩 余	_____	_____	_____

Recall

You have seen prices respond to buyers and sellers:

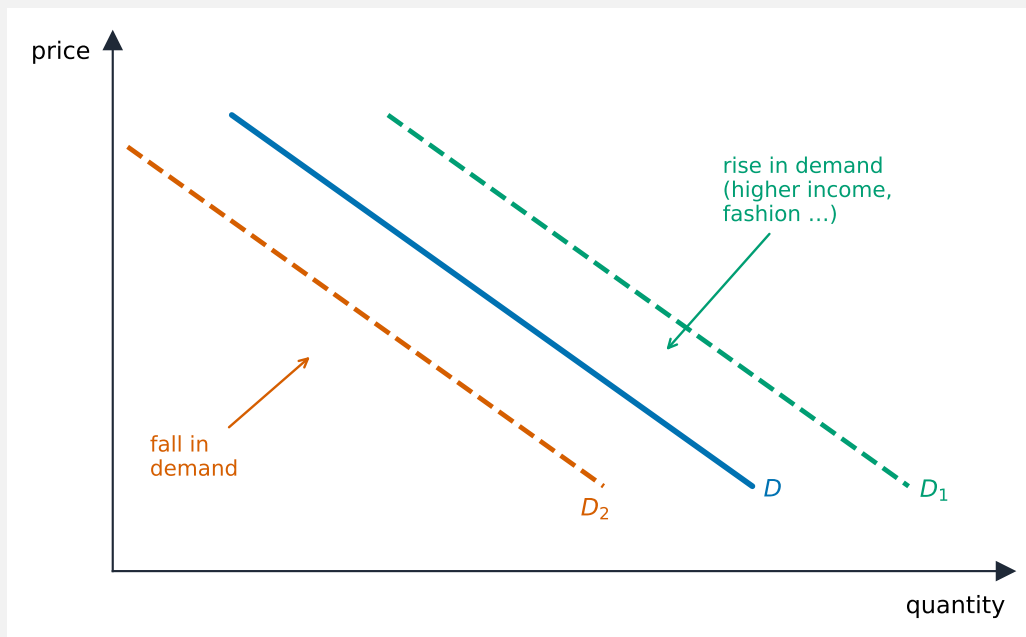
- Popular goods tend to cost more.
- When shops have too much stock, they cut prices.
- A market price is where buyers and sellers agree.

This sheet lines up demand, supply, and market equilibrium. Each idea has a worked example.

New ideas

■ 1 Demand and supply

Demand 需求 slopes **downward** (buyers buy less as price rises); **supply** 供给 slopes **upward** (sellers offer more as price rises).

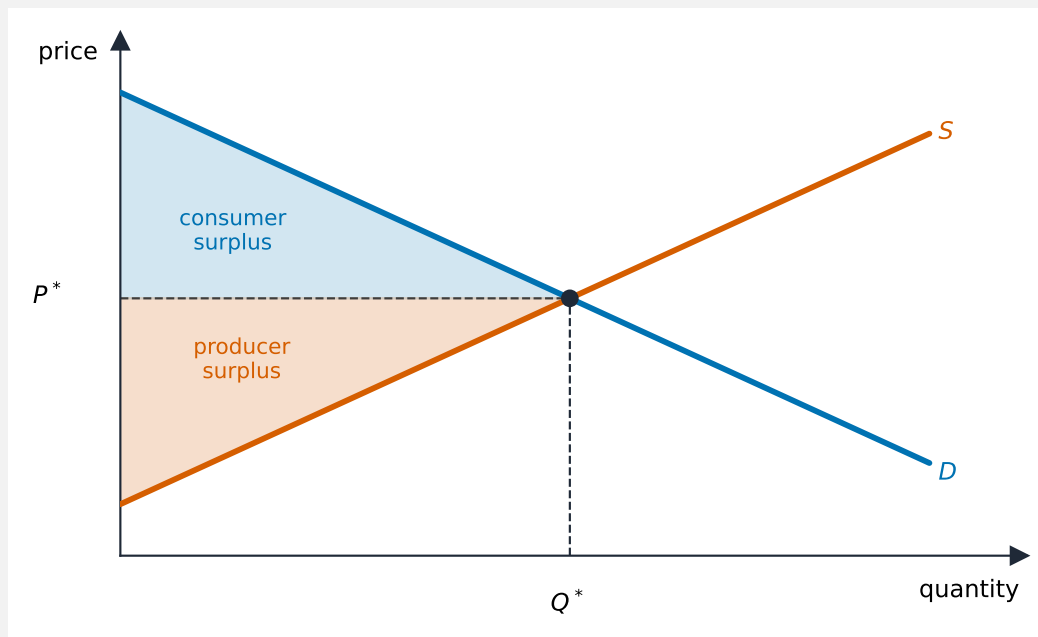


■ 2 Equilibrium

Equilibrium 均衡 is where supply meets demand –the price that clears the market. Above it there is a surplus (price falls); below it a shortage (price rises).

■ 3 Consumer and producer surplus

- **Consumer surplus** 消费者剩余 is the gap between what buyers would pay and what they do pay.
- **Producer surplus** 生产者剩余 is the gap between the price and sellers' lowest acceptable price.



■ 4 Shifts

If a determinant (income, tastes, costs) changes, a curve shifts. A rightward demand shift raises both price and quantity; a rightward supply shift lowers price but raises quantity.

Watch out: the competitive equilibrium **maximizes** total surplus (consumer plus producer). That is why free markets are called efficient—they leave no mutually beneficial trade undone.

Practice

Try these in order. The methods are all above.

2.1 State the direction each of the demand and supply curves slopes. [2]

2.2 State what happens to price above the equilibrium, and why. [2]

2.3 Explain what consumer surplus is. [2]

2.4 A rise in income shifts demand right. State what happens to equilibrium price and quantity. [2]

2.5 State what the competitive equilibrium does to total surplus. [1]
