

Name _____

Balancing Act: Market Equilibrium and the Dance of Supply and Demand

Short Answer Key

1. Equilibrium quantity is the quantity of a product that is bought and sold at the equilibrium price, where quantity supplied equals quantity demanded. It represents the balance between how much consumers want and how much producers are willing to supply at that specific price.
2. Factors that can lead to a change in market equilibrium include changes in demand, changes in supply, changes in production costs, government policies, and external events like natural disasters. These factors can affect the equilibrium price and quantity by either increasing or decreasing them, depending on the direction of the change.
3. In a scenario where the demand for a product decreases while supply remains constant, the equilibrium price is likely to decrease, and the equilibrium quantity will also decrease. Consumers are less willing to buy at higher prices, and producers may need to lower prices to maintain sales.
4. Market equilibrium benefits consumers by ensuring that products are available at reasonable prices, and it benefits producers by allowing them to sell their products at a price that covers their costs and generates profit.

