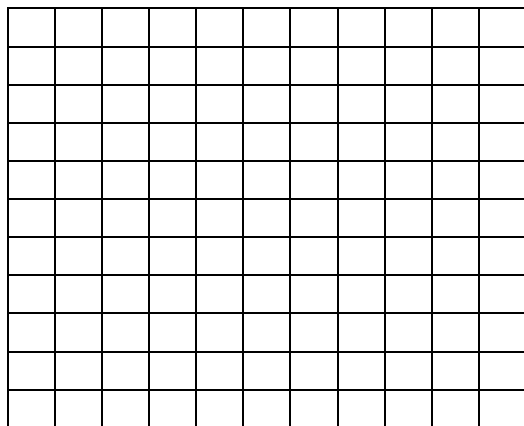


Supply and Demand: Ceilings and Floors

Use the following information to create a Supply Curve and a Demand Curve. Draw and label your X and Y axes, then draw and label the Supply and Demand curves on the following graph.

Price (\$)	Demand	Supply
8	2	10
7	3	9
6	4	8
5	5	7
4	6	6
3	7	5
2	8	4
1	9	3



--What is the equilibrium price? _____

--What is the equilibrium quantity? _____

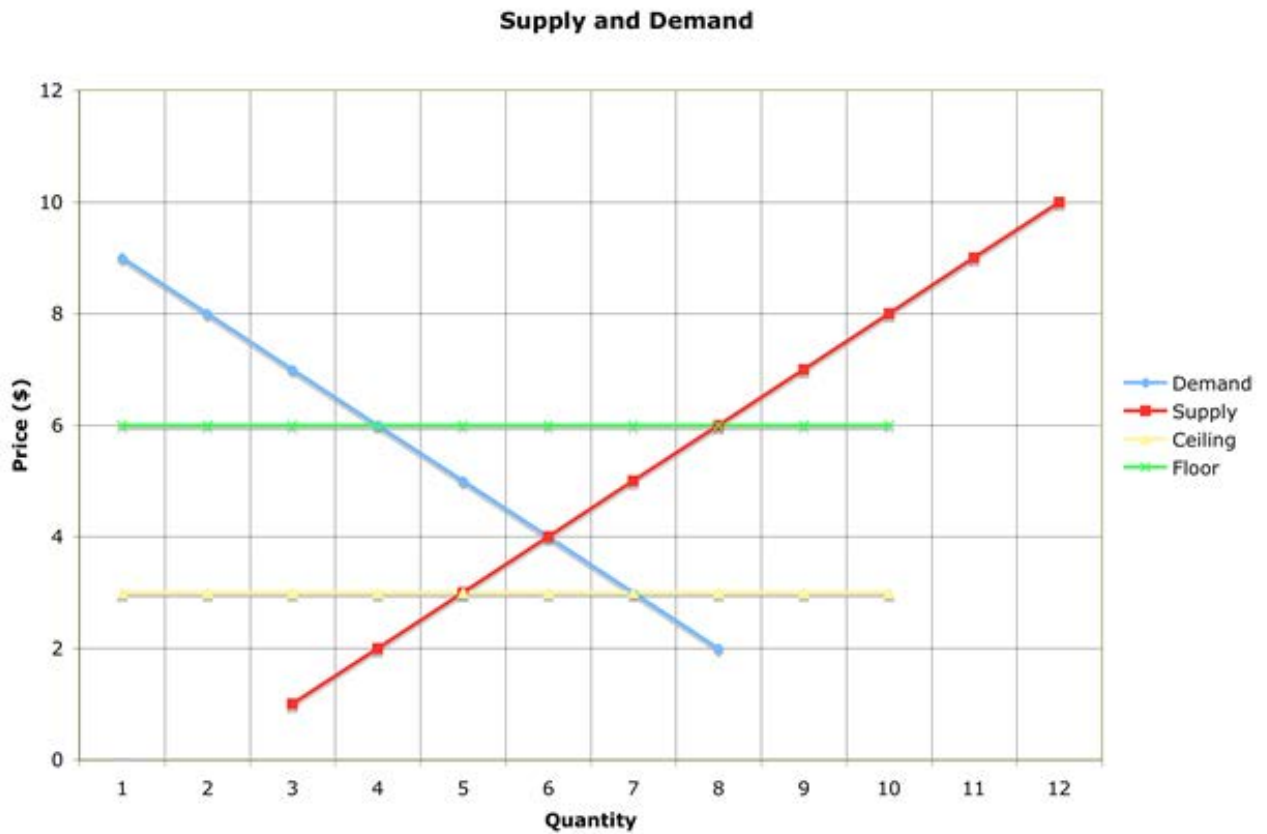
--Indicate a price floor of \$6, at this price, is there a shortage or surplus? _____

- At the price floor of \$6, how many units are short or surplus? _____

--Indicate a price ceiling at \$3, at this price, is there a shortage or a surplus? _____

- At the price ceiling of \$3, how many units are short or surplus? _____

Answers:



The equilibrium price is \$4

The equilibrium quantity is 6 units

At a price floor of \$6, there will be a surplus, of 4 units

At a price ceiling of \$3, there will be a shortage, of 2 units