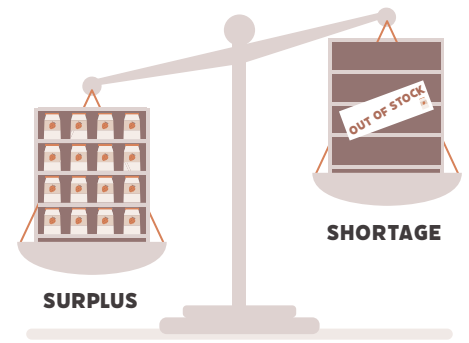


SHORTAGE AND SURPLUS

Businesses want to sell goods and services for as much money as they can. But it's hard to figure out what price is right! Read the descriptions below to learn what might happen at different price levels.



- There is a **surplus** if there is *too much* of a good or service for sale at a given price. When the price is too high, customers will not want to buy much of the good or service. The amount demanded will be *less than* the amount supplied.
- There is a **shortage** if there is *not enough* of a good or service for sale at a given price. When the price is too low, too many customers will want to buy the good or service. The amount demanded will be *more than* the amount supplied.
- A good or service is at the **equilibrium price** if there is a “*just right*” amount for sale at a given price. At the equilibrium price, the amount supplied is *equal* to the amount demanded.

PART 1. Use the descriptions above to fill in the blanks.

1. A surplus means that the price of a good is too high and that supply is higher than demand.
2. A shortage means that the price of a good is too low and that supply is lower than demand.
3. Equilibrium price means that the price is just right and that supply and demand are equal/balanced/the same.

PART 2. Complete the chart. Is there a surplus or shortage of the good, or is it at the equilibrium price?

	SURPLUS	SHORTAGE	EQUILIBRIUM
4. Jack has a lemonade stand with 50 glasses worth of lemonade for sale. Each glass costs \$50. Unsurprisingly, no one wants to buy any.	x		
5. A corner store has 100 tacos for sale at \$2 a taco. At that price, 100 customers want to buy a taco.			x
6. A store has 100 copies of a new video game for sale. The game costs \$50. At that price, there are 150 people who want to buy a copy of the game.		x	
7. A young artist printed up 100 posters with a cool design. Posters cost \$15 each. At that price, there are 80 people who want to buy one.	x		
8. The grocery store has cookies on sale for \$2 per box. There are 20 boxes available. At that price, 35 people want to buy a box.		x	
9. A jar of peanut butter costs \$6. The grocery store has 100 jars on the shelf. At that price, 74 people want to buy a jar of peanut butter.	x		