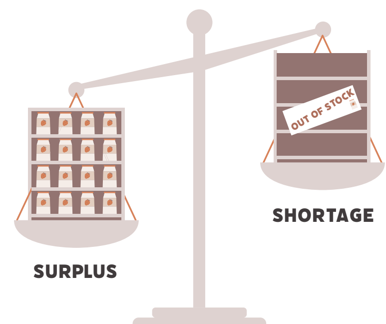
Name ______________________________ Date ____________________

SHORTAGE, SURPLUS, AND PRICES

Surpluses and shortages usually happen when sellers charge too much or too little. Sellers usually try to change prices to end a shortage or surplus. **Read the chart to see how.**

There is a **surplus** if there is *too much* for sale at a given price. If there is a **surplus**, sellers often *lower* the price of the good or service so that more customers want to buy it.	A good or service is at the **equilibrium price** if there is a *"just right"* amount for sale at a given price. If a good or service is at the **equilibrium price**, sellers try to *keep the price the same*.	There is a **shortage** if there is *not enough* of a good or service for sale at a given price. If there is a **shortage**, sellers will often *raise* the price of the good or service since they can still sell all of it.

Read each scenario. To get to the equilibrium price, would a supplier probably raise prices, lower them, or leave them the same? Why?



1. Jill has 10 erasers to sell to her classmates. Each eraser costs \$0.05. At that price, her classmates want to buy 50 erasers.

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2 A pet store has 12 fish for sale, each for \$20. At that price, 12 children want to buy a fish.

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3. A phone store has 15 new phones for sale. Each phone costs \$250. At that price, 6 people want to buy one.

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4. A clothing store is selling pants for \$40 a pair. There are 55 pairs of pants available for sale. At that price, 70 people want to buy a pair.

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5. An electronics store has 50 TV sets available for sale. Each TV costs \$400. At that price, 30 people want to buy one.

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