Market equilibrating process essay

Market Equilibrating Process PaperECO/561June 11, 2013Market Equilibrating Process PaperI am writing this paper to explain the economics of supply, demand and market equilibrium as well as to describe their relationships to real world examples. I will also discuss the market equilibrating process compared to the same real world examples. First, I am going to discuss demand. Demand is a curve or schedule that shows the various amounts of a product(s) that consumers are willing to purchase at each of a series of possible prices during a specified period of time.

Quantities of products that will be purchased at various prices shows how demand works. As prices fall, the quantity demand rises and as prices increase, the quantity demand falls. And inverse relationship is the relationship between the price and quantity demanded. This is what Economists call the law of demand. An example of the law of demand could be the sale of Asics tennis shoes.

A major department, such as Kohls or Academy stores will retail the shoes for $100 throughout most of the year, however, during their back-to-school sales, the shoes are reduced by 50% making them only $50. As the prices drop down the consumers purchase more of the shoes. The sale itself is indicative of the stores belief in the law of demand concept. The same can be said for many stores on Black Friday, known by all as the busiest shopping day of the year. Secondly, we will discuss supply. Supply is a curve or schedule that shows the various amounts of a product(s) that producers are willing to make available for sale at each of a series of possible prices during a specific period of time.

As price rises, the quantity supplied rises; as price falls, the quantity supplied falls. This relationship is called the law of supply. Firms will produce and offer more products priced for sale at a higher price than at a lower price. Again we will use the example of the Asics tennis shoes, the.

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