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Price determination

- 1 The position where the demand for a product is equal to the supply of the product is known as
- A demand. C market equilibrium.
 B equilibrium price. D supply.
- 2 What exists when there are shortages or surpluses in a market?
- A excess demand C market disequilibrium
 B excess supply D market equilibrium
- 3 What occurs when the demand for a product exceeds the supply of the product due to the price being lower than the market equilibrium?
- A excess supply C shortage
 B market equilibrium D surplus
- 4 Which situation exists when the price is set above the market equilibrium price, thus creating a surplus in the market?
- A excess demand C market disequilibrium
 B excess supply D market equilibrium
- 5 The data below shows the demand and supply schedule for mushrooms each week. Which of the statements below is incorrect?

Supply	Price per unit (\$)	Demand
21 000	10	18 000
20 000	9	20 000
19 000	8	22 000

- A At \$8 per unit, there is excess demand of 3000 units.
 B At \$10 per unit, there is excess supply of 3000 units.
 C Equilibrium exists at \$9 per unit.
 D There is a shortage in the market at \$10 per unit.

6 Define the term *market equilibrium*.

[2 marks]

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