

Supply and Demand

Why concert tickets sell out, why mangoes get cheap in June, and how one price clears a market.

Five ideas that explain most price changes

01

Demand

As price rises, buyers want less. The demand curve slopes down.

02

Supply

As price rises, sellers offer more. The supply curve slopes up.

03

Equilibrium

The one price where the amount wanted equals the amount offered.

04

Shifts

Income, tastes or costs move a whole curve, not just a point on it.

05

Shortage

A price held below equilibrium leaves buyers wanting more than exists.

PART ONE

01

→ TICKETS

Sold out.

We start with a concert that sold out in four minutes and ask who really set that price.



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- THINK BEFORE WE DRAW

If a stadium has
50,000 seats and
200,000 fans want
in,
what happens to
the **resale price**, and
why?



END OF LESSON 03

Thanks. See you Thursday.

PROBLEM SET 3 DUE MONDAY • OFFICE HOURS
WED 4PM

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