

Supply and Demand

State of Equilibrium

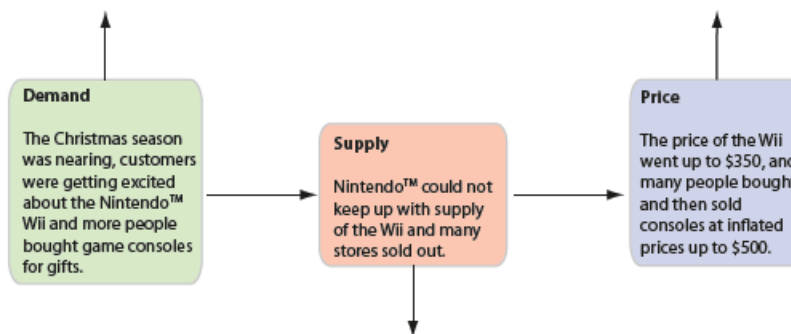
Supply of a product meets the demand of a product at a certain price.

Example: The Nintendo™ Wii was Introduced to the public In 2006 and was an Immediate success.



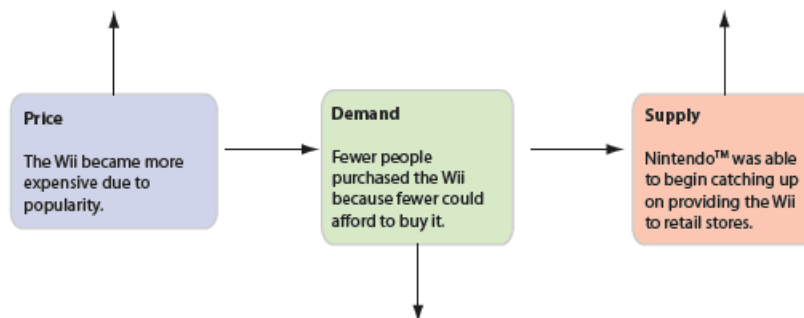
Demand goes up

Demand for the product increases; consumers are buying the product. Supply of the product decreases; producers cannot meet the demand. Price of the product goes up as consumers compete for a limited supply of the product.



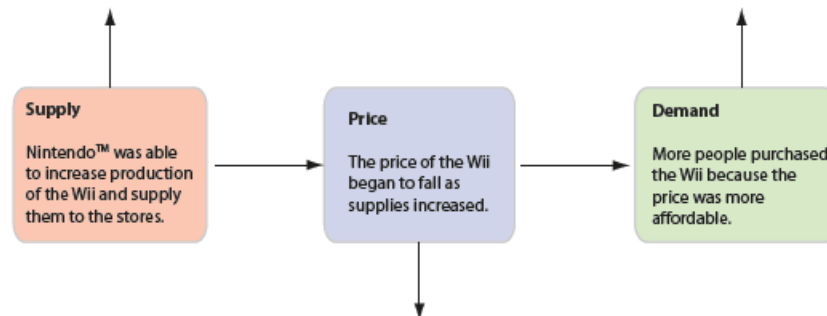
Price goes up

Price of the product goes up, and consumers cannot afford the product. Demand for the product goes down. As demand goes down, supply goes up.



Supply goes up

Supply of the product goes up, and more of the product is available to the consumer. Price goes down to encourage sales. As price goes down demand goes up.



Equilibrium is restored

Supply of a product meets the demand of a product at a certain price. Producers supply as much of the product as consumers demand at the price producers make a profit.

