GUIDED PRACTICE for CHAPTER 4.3
Market Equilibrium

Overview:
In Chapter 4.3, we tie the demand side and the supply side together to find market equilibrium. We explain how demand and supply determine price and quantity in a market, and explain the effects of changes in demand and supply.

(As you review this material, be sure to take notes in your notebook. Always have your notes with you in class for easy reference).

BASIC Learning Objectives
Each student will be responsible for learning and demonstrating proficiency in the following objectives PRIOR to the class meeting. The entrance quiz for the class meeting will cover these objectives.

1. Define Market Equilibrium
2. Explain what a shortage is and what a supplier must do when there is a shortage
3. Explain what a surplus is and what a supplier must do when there is a surplus
4. Explain how demand and supply determine price and quantity in a market
5. List the 3 questions used to predict price changes

ADVANCED Learning Objectives
The following objectives should be mastered by each student DURING and FOLLOWING the class session through active work and practice:

6. Illustrate how price is a market’s automatic regulator
7. Illustrate shortages and surpluses using demand and supply graph.
8. Use the 3 question method to predict price and quantity changes
9. Illustrate and explain the effect of a change in demand and change in supply
10. Illustrate and explain the effect of simultaneous change in demand and supply on equilibrium

Resources for Learning
Read: Read Chapter 4.3 of the textbook
Watch: Watch Chapter 4.3 videos (approximately 18 minutes)
Review: Review Chapter 4 PPT Slides

Exercises
These exercise can be done during or after your reading and video watching. They are intended to help you understand the basic objectives.

1. Explain in your own words what Market Equilibrium is. When does Market Equilibrium occur?
2. What would happen in the apple market if the price of apples were below the equilibrium price?
3. What is a shortage? When does a shortage occur? What must a supplier do to alleviate a shortage?
4. What is a surplus? When does a surplus occur? What must a supplier do to alleviate a surplus?
5. What are the three questions used to determine how an event affects the equilibrium price & quantity?
6. Are you ready for class? Yes/No
7. Look back at the Basic Learning Objectives? What questions do you still have?
8. How did you prepare for class?
   □ I watched Ch. 4.3 Instructional Videos
   □ I read Ch. 4.3 of the textbook
   □ I reviewed Ch. 4 PPT Slides
   □ I can recall this material from previous economics course
   □ Other

Instructions for submitting work
Go to the web form located at the following link and type in your answers:
https://forms.office.com/Pages/ResponsePage.aspx?id=21KVzqz0p6Uq61sXCMACcS9uxcWdp7kKqxsRDlsEzNIRUREHulk2XaqsVTRPOVIRWTJHQqzvMVKQM4

Responses are due one hour before your section’s class time.