

The interaction of supply and demand in a market economy determines price.

Equilibrium

Demand

Equilibrium is the point where supply and demand balance each other; below this point is a shortage, and above this point is a surplus.

Supply

Equilibrium is the point where supply and demand balance each other; below this point is a shortage, and above this point is a surplus.

The student will demonstrate knowledge of the United States market economy by
d) explaining the interaction of supply and demand.