Assignment 3: Demand and Supply

The law of demand states that an increase in market prices result in lower quantities demanded while a decrease in the prices result in an increase in the quantities demanded. On the contrast, the law of supply indicates that an increase in price results in an increase in quantities supplied and a decrease xxx in lower quantities (Bernanke, Antonovics & Frank, 2015). The above graph illustrates the laws of demand and supply in a single market. From the xxx prices increase, the demand for xxx demand for E-Books is highest when the price reduces to $2 and lowest when the price xxx the supply of the books is highest when the price increases to $18 and lowest when the xxx postulates the indirect xxx demand and xxx the quantity of goods demanded is equal to the quantity xxx point is referred to as the equilibrium and occurs at the intersection of the supply and xxx equilibrium price as per the above graph is $10 while the equilibrium quantity … efficient allocation of resources xxx supplied are demanded and sold to buyers at the… by the government at $12 would result to excess … is higher than the equilibrium … suppliers will have an incentive to supply more e-books, most consumers will be locked away xxxx the e-books due to the xxxx the government imposes a price ceiling of $6, the demand would xxxx would not be willing to supply the books at such a lower price, consumers on the other hand would demand more books since they are xxxx is a complement of the xxxx in the price of a complement xxx shift of the demand curve as illustrated in the graph below. A decrease in the price of E- Reader by fifty percent would result in xxx the buyers at the same price.

**References**

Bernanke, B., Antonovics, K., & Frank, R. (2015). Principles of macroeconomics. McGraw-Hill Higher Education.

Mankiw, N. G. (2014). Principles of macroeconomics. Cengage Learning.