

### Market Equilibrium

- Equilibrium is a situation where market demand and market supply are equal to each other. When the supply and demand curves intersect, the market is said to be in equilibrium. This is where the quantity demanded and quantity supplied are equal.
- The corresponding price is the equilibrium price or market-clearing price, the quantity is the equilibrium quantity.
- Thus, at the equilibrium price,  
 $Q_{dx} = Q_{sx}$   
or  
 $a - bP_x = c + dP_x$
- Any deviation from the equilibrium price will lead to under-supply or over-supply.
  
- The equilibrium can be explained with the help of a diagram.

