

## Figure 7.12 Shortages & Surpluses

■ Shortages and surpluses can affect the price of a good or service.



▲ **A. Shortage** Natural disasters, such as floods and hurricanes, can cause temporary shortages of water and other essential goods.

### B. Surplus

▶ If a business sets the price of a good too high or overestimates demand, it could wind up with a surplus of the good.



### Economic Analysis

**Predicting** What happens to prices during a shortage if the market is left alone?