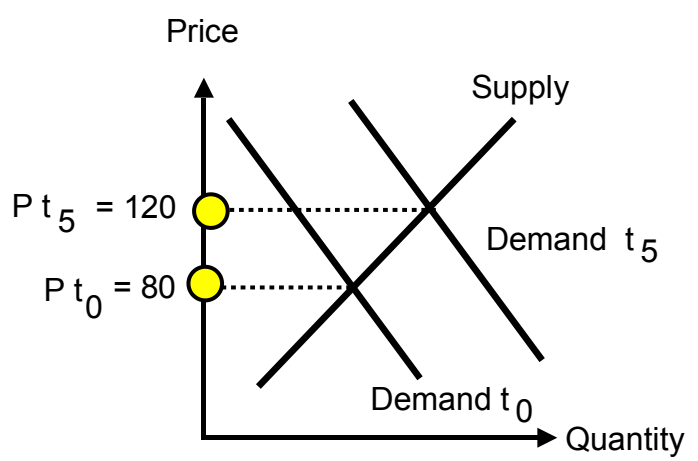
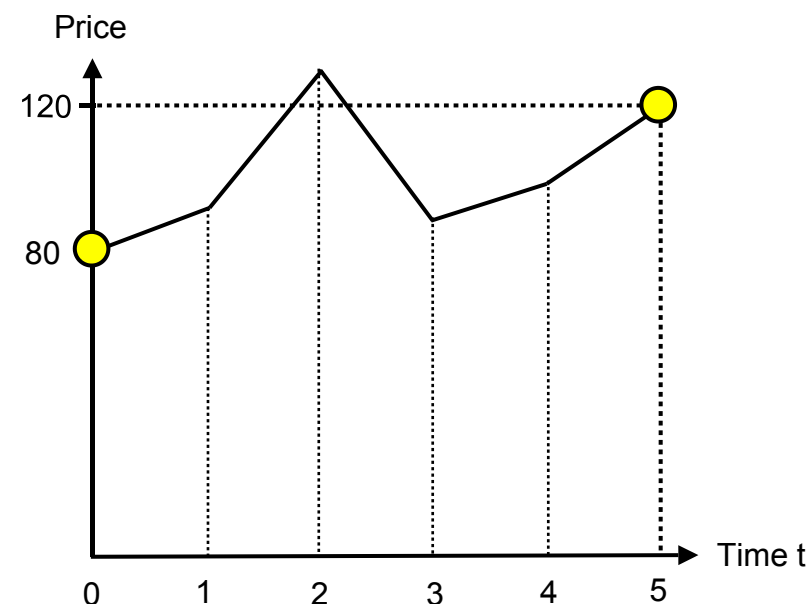


Comparative static vs dynamic analysis of markets

Comparative static analysis of markets	Dynamic analysis of markets
→ Different equilibrium positions are displayed without taking notice of the adjustment process	→ Analysis of a market during a period of time
Ex.: Market for oil at time t_0 and t_5 ; the change is due to an increase in demand  <p>The graph shows a supply curve and two demand curves, Demand t_0 and Demand t_5. The supply curve is upward sloping. Demand t_5 is shifted to the right of Demand t_0. The equilibrium price at t_0 is $P t_0 = 80$ and at t_5 is $P t_5 = 120$.</p>	Ex.: Price trend of oil from t_0 to t_5  <p>The graph shows the price trend of oil from t_0 to t_5. The price starts at 80 at t_0, rises to a peak of 120 at t_2, falls to a trough at t_3, and then rises back to 120 at t_5.</p>