Puspal Patra
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1→ The market price may differ from the equilibrium price because markets are dy-namic - prices can be temporarily set too high or too lower relative to the point where quantity demanded equals quantity supplied.

2→ •→ Sellers find that they cannot sell all their goods at this higher price.
•→ To avoid unsold investories or losses, sellers begin to lower prices.
As price falls,
• quantity demanded increase &
• quantity supplied decrease.

3→ •→ Someone consumers who want to buy at the lower price will find the good unavailable.
•→ Competition among buyers will push the price upward - buyers are willing to pay more rather than go without the product.
As price rises :→
•→ quantity suppled increase
•→ quantity demanded decrease
These changes continue until the short disappeared and the market reaches equilibrium.