**Title:** **Price**

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**PRICE**

Price is the monetary value of a good or service for sale. There are several different kinds of price. Those with the most dominant roles in the marketplace include market price and equilibrium price. Both are tied to the laws of supply and demand.

The market price is the price consumers pay for goods or services in the marketplace. The equilibrium price is an economic ideal. It is the point where the supply of goods is matched equally by consumer demand. For example, if there are more bicycles on the market than there are consumers to buy them, it will create a surplus on the market and the market price of bicycles will go down. If there are more people wanting to buy bicycles than there are bicycles available for purchase, the market price will go up because of the higher demand. When the number of bicycles produced equals the demand from consumers, that is the equilibrium price.

Market price is thus affected by consumer demand and the production rates and availability of a good or service. Ideally, the market price will not be far off from the equilibrium price. Prices for goods or services are subject to change according to consumer demand and producer supply. Price can not be permanently set in a free market system where supply and demand are constantly changing.

***See also:*****Money , Supply and Demand**

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