

Name:

### Five Minute Exercise

*Finding a Market Equilibrium with a Subsidy*

**Given:**

Market demand:  $Q^d = 66 - 2 \cdot P^d$

Market supply:  $Q^s = 5 \cdot P^s$

$P^d = P^s - S$

$P^s$  is the price received by the sellers

$S$  is a \$2 subsidy provided by the government

$P^d$  is the price buyers pay for the good

**Determine:**

The equilibrium quantity exchanged in the market.

Answer: