

Name: _____

Unit: ____ Introduction to Economics _____

Lesson: ____ Supply and Demand in a Market economy _____

Vocabulary Terms

Consumer- a person who buys something (good or product)

Producer- a person or business that makes something (good or product)

Supply- the amount of a good that is available

Demand- the amount of a good that people want

Shortage- the supply provided is less than the demand

Surplus- the supply provided is greater than the demand

Guiding Questions

How do demand and supply affect prices?

What 3 changes cause demand to rise?

Notes

4 parts of demand: amount available, how much willing to buy, how much able to buy, and price

Equilibrium price- the price where supply and demand are balanced – everyone is happy

Factors affecting demand:

number of consumers, change in income, and change in want
more = more (shift to the right) and less = less (shift to the left)

more consumers = higher price

less income to spend = lower price

more interest in product = higher price

Factors affecting supply: number of suppliers and cost of production

Price may be influenced by small subtle changes in both supply and demand. Any of these five factors above will cause the equilibrium price to change.
