

Defining Supply and Demand



Objective

In this lesson, you will

Defining Supply and Demand

Supply and demand are two factors that determine the _____ of goods and services.

Demand = the consumer's _____ and _____ to buy



Demand _____ decreases _____ increases if the price of an item goes down and you can buy more.

Demand schedule	
Price	Quantity demanded
\$5	100
\$4	200
\$3	300
\$2	400
\$1	500

Demand schedule = a chart that shows how much of a product consumers will demand at various _____.

This demand schedule shows research for a restaurant: when the price of one burger decreases, the quantity demand _____ increases _____ decreases.
(consumers buy _____ burgers)

Sellers must set a _____ for their products that consumers are _____ to pay.

- This price must also allow sellers to cover their _____ and make a _____.
- When sellers want to attract more customers, they can _____ prices.
→ must decide how much of the product they can afford to _____ at the discounted price



Supply: the _____ ability and desire to sell goods and services.

Supply schedule	
Price	Quantity supplied
\$5	100
\$4	200
\$3	300
\$2	400
\$1	500

A supply schedule shows that sellers want to make _____ less _____ more products at _____ lower _____ higher prices to make a higher profit.

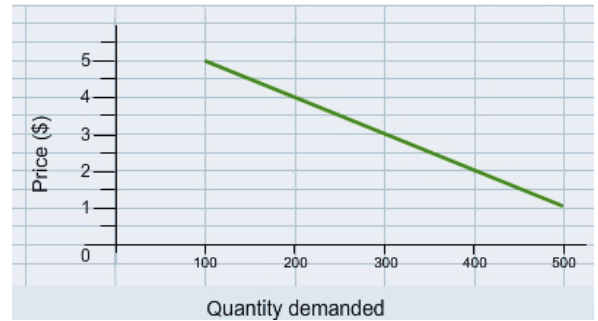


Supply schedule = a chart that shows how much of a product the supplier is willing and able to _____ at various prices.

Supply and Demand Graphs

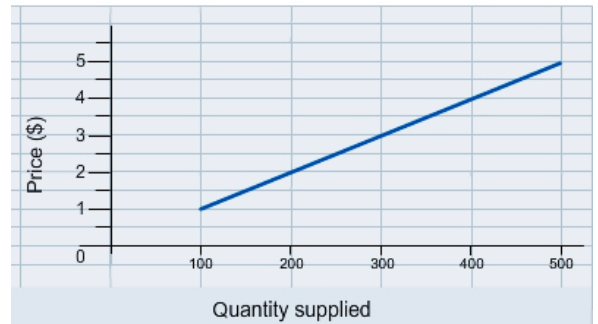
Demand graph:

- shows the quantity demanded on the ___-axis and the price on the ___-axis
- decreases (descends _____ to _____)
- illustrates the law of _____:
 - ❖ when prices are lower, the quantity consumers will buy is lower higher.



Supply graph:

- shows the quantity supplied on the ___-axis and the _____ on the y-axis
- always _____ from left to right on the graph
- shows the law of _____:
 - ❖ when the price is _____, the quantity supplied is higher



Supply and demand are _____ to each other.

When plotted on one graph, the lines _____
at a single point, the _____ price.

- The quantity demanded _____ the quantity supplied.
- At this price, both sellers and consumers are _____.



The Relationship Between Supply and Demand

The laws of supply and demand refer to the _____ of changing prices on supply and demand.

- changes in demand and supply also _____ the prices of goods and services


When Supply Exceeds Demand

- There is a _____ of a product.
- Sellers tend to decrease increase prices.

When Demand Exceeds Supply

- Sellers benefit from a _____.
- Prices tend to decrease increase.

When Supply Equals Demand

- _____ is achieved.
- Both consumers and sellers are _____.
-  Prices are _____.

How Supply and Demand Affect Us

Some factors that influence supply and demand:

- Income: An increase in pay could allow you to buy things that cost more but last _____.
- Taste or preference for a certain product: Example - decide to improve your diet, causing the demand for healthier foods to _____.
- Change in price for substitute products: if the cost is low, you might buy _____ of them.
- Advertising: Sellers can increase _____ when they advertise their products effectively.
- Sellers' _____: the needed amount of money, employees, and materials to make products and advertise them properly.
- Time of year: Demand and supply can _____ depending on seasons and holidays.
- _____ factors: products aimed at consumers based on age, education, or gender.
- Quality of a product: The demand for a better-quality product will be _____, and vice versa.

Supply and demand affects us because it controls how much we _____ for goods and services

Summary

Imagine you want to start a business making and selling clothing for cycling. When would be the best time to launch your business and why? What factors would contribute to your success?