

# Supply & Demand

Supply and demand affects almost everything you do. When you visit the mall to scoop up the newest fashions, snag a copy of the latest video game, or have your hair cut in the newest style, you tell stores what types of items and services you are willing to purchase. This is *demand* ... your ability and willingness to pay for a particular item or service.

The owners of stores are very interested in demand. They use information about what you buy (and how much) when they decide what to offer in their stores. They place orders from **manufacturers** by looking at what you have purchased in the past and what they think you will buy in the future. This is *supply* ... the amount of a good or service a seller offers for a particular price and a particular time.

Supply and demand work together in a **market economy**. For the economy to be successful, businesses need to sell what buyers want and shoppers must be willing to spend their money!



# Questions – Supply and Demand

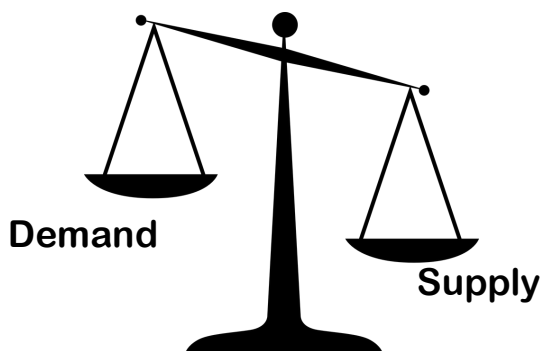
## Read the first paragraph

1. Look up the word *demand* in a dictionary. What does it mean in this context?
2. Look up the word *supply* in a dictionary. What does it mean in this context?
3. Do you have a product you would like to purchase (a product you demand)?
4. Can you explain why you want that product?

## Read the second and third paragraph

1. Why do store owners want to know what you demand?
2. Look up the word *manufacturer* in a dictionary. What does it mean?
3. What do sellers need to sell?

## Look at the picture.



1. Can you explain what '*Supply and Demand*' is?

# Answer Key – Supply and Demand

## Read the first paragraph

1. Look up the word *demand* in a dictionary. What does it mean in this context?

**A need for something to be sold or supplied.**

2. Look up the word *supply* in a dictionary. What does it mean in this context?

**To provide something that is wanted or needed.**

3. Do you have a product you would like to purchase (a product you demand)?

**Various answers are possible.**

4. Can you explain why you want that product?

**Various answers are possible.**

## Read the second and third paragraph

1. Why do store owners want to know what you demand?

**Store owners want to sell what is in demand by their customers to make their business successful.**

2. Look up the word *manufacturer* in a dictionary. What does it mean?

**A company that produces goods in large numbers.**

3. What do sellers need to sell?

**Sellers need to sell what is in demand for a price that consumers are willing to pay and a price that makes it possible for them to make a profit.**

Look at the picture.



1. Can you explain what '*Supply and Demand*' is?

**The idea that the price of goods and services depends on how much of something is being sold and how many people want to buy it.**