

2 Demand and supply – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English

Write it 3 times (English)

market

Demand

supply

Recall

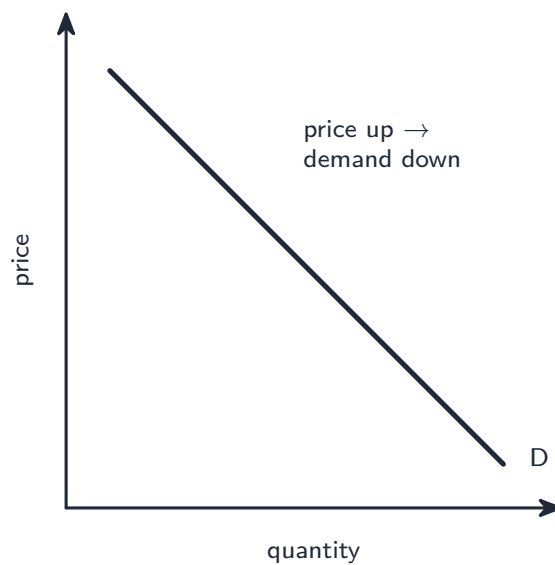
A **market** is where buyers and sellers meet. **Demand** comes from buyers;
supply comes from sellers.

New ideas

Read these first, then do the Practice.

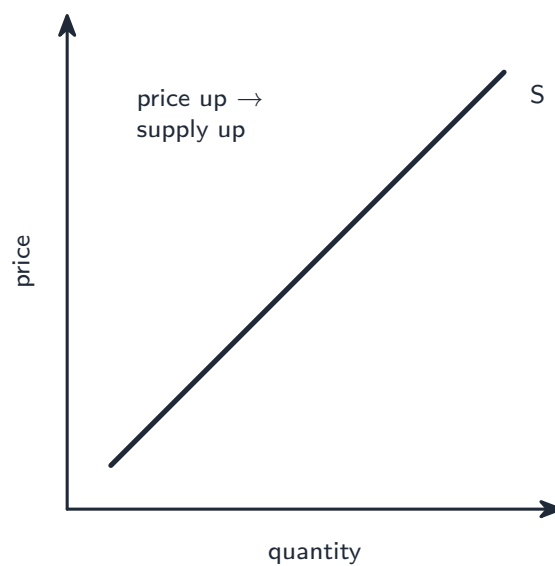
■ 1 Demand

Demand is how much buyers want to buy at each price. As the price rises, demand falls:



■ 2 Supply

Supply is how much sellers want to sell at each price. As the price rises, supply rises:



Watch out: as price **rises**, **demand falls** (buyers want less) but **supply rises** (sellers want to sell more) – the two move opposite ways. The demand curve slopes *down*; the supply curve slopes *up*.

Practice

Try these in order.

2.1 What is *demand*? [1]

2.2 What happens to demand when the price rises? [1]

2.3 What is *supply*? [1]

2.4 What happens to supply when the price rises? [1]

2.5 Which way does a demand curve slope? [1]

2.6 Challenge. The price of a bus ticket rises. State and explain what happens to (a) the demand from passengers and (b) the supply from bus companies. [2]