

Supply & Demand

Part 1

Read each statement below. Then, circle "low" or "high" to describe the supply and the demand. Predict what will happen to the price.



- 1.** This winter is not as cold as past winters. A clothing store ordered a lot of heavy winter coats to sell. But people are not as interested in buying winter coats this year.

The supply of winter coats is low/high.

The demand for winter coats is low/high.

The price of winter coats will go down because there are a lot of winter coats (supply is high), and not many people want to buy them (demand is low). So, the store will lower the price to get people to buy coats.

- 2.** A new model of a scooter comes out. A store that sells the scooters still has a lot of the old model on the shelves. Not many people want to buy the old model.

The supply of the old scooter model is low/high.

The demand for the old scooter model is low/high.

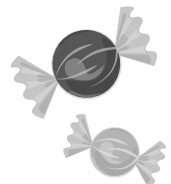
The price of the old scooter model will go down because there are a lot of old scooters on the shelves (supply is high), and not many people want to buy them (demand is low). So, the store will lower the price to get people to buy the old scooters.

- 3.** Before Valentine's Day, everyone wants to buy chocolate hearts. Chocolate hearts are selling out quickly.

The supply of chocolate hearts is low/high.

The demand for chocolate hearts is low/high.

The price of chocolate hearts will go up because chocolate hearts will be harder to find (supply is low), and everyone wants to buy them (demand is high). People will pay more for them, so the price will go up.



Part 2

Think of a good or service. Write it below.

In the boxes on the left, draw what it would look like if the supply of this good or service were **high** and if the supply were **low**. Then, in the boxes on the right, draw what it would look like if the demand for this good or service were **high** and if the demand were **low**.



SUPPLY

HIGH

LOW

DEMAND



HIGH

LOW



Below, describe what will happen to the price of your good or service if it has the supply you chose and the demand you chose.

down.

