# Supply and Demand Worksheet

**Grade 8 – 9 social studies · economics**

Name: Date: Score: / 30

### Two forces, one price

Everything people trade is limited. There is never enough of everything for everyone to have as much as they would like, which economists call **scarcity**. Prices are how a market decides who gets what.

Two forces set a price. **Demand** is how much buyers are willing to buy, and it usually falls as the price rises. **Supply** is how much sellers are willing to offer, and it usually rises as the price rises, because selling becomes more worthwhile. The two pull in opposite directions.

Where they meet is the **equilibrium price**: the point at which the amount offered matches the amount wanted. Above it, goods go unsold and there is a **surplus**. Below it, buyers want more than exists and there is a **shortage**. Prices tend to move toward the meeting point, which is why a long-lasting shortage usually means something is stopping the price from moving.

## Part A — Vocabulary match each term to its meaning (8 marks)

| | | |
|---|---|---|
| **1. Supply** | _____ | A. Goods left unsold because the price is too high |
| **2. Demand** | _____ | B. The basic problem that wants exceed available resources |
| **3. Equilibrium price** | _____ | C. Rival sellers trying to win the same customers |
| **4. Surplus** | _____ | D. The price at which the amount offered matches the amount wanted |
| **5. Shortage** | _____ | E. A different product a buyer can switch to instead |
| **6. Scarcity** | _____ | F. How much of something sellers are willing to offer |
| **7. Competition** | _____ | G. Not enough goods to meet demand at the current price |
| **8. Substitute** | _____ | H. How much of something buyers are willing to buy |

## Part B — Fill in the blanks (6 marks)

1. As the price of something rises, the quantity buyers want usually _____.

2. As the price rises, the quantity sellers offer usually _____.

3. The price where supply and demand meet is the _____ price.

4. Goods left unsold because the price is too high are a _____.

5. When buyers want more than is available at the current price there is a _____.

6. The basic economic problem, that wants exceed resources, is called _____.

## Part C — What happens next? write what happens to supply or demand, then to the price (12 marks)

| What happens | Supply or demand? | Price |
|---|---|---|
| A frost destroys half the coffee harvest | | |
| A new study says a fruit is very healthy | | |
| Three new bakeries open on one street | | |
| A popular toy goes out of fashion | | |
| Fuel costs rise for every delivery company | | |
| A cheaper substitute appears | | |

## Part D — Think it through (4 marks)

1. A shop has queues every day and sells out by noon. What does that tell you about its price, and what would you expect to happen to it?

2. Give one reason a government might stop a price rising even when demand is far above supply, and one problem that decision can cause.

# Supply and Demand Worksheet — Answer Key

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## Part A — Vocabulary

1. **Supply** → F
2. **Demand** → H
3. **Equilibrium price** → D
4. **Surplus** → A
5. **Shortage** → G
6. **Scarcity** → B
7. **Competition** → C
8. **Substitute** → E

## Part B — Fill in the blanks

1. **falls**
2. **rises**
3. **equilibrium**
4. **surplus**
5. **shortage**
6. **scarcity**

## Part C — What happens next?

1. A frost destroys half the coffee harvest → **Supply falls**, so **Price rises**
2. A new study says a fruit is very healthy → **Demand rises**, so **Price rises**
3. Three new bakeries open on one street → **Supply rises**, so **Price falls**
4. A popular toy goes out of fashion → **Demand falls**, so **Price falls**
5. Fuel costs rise for every delivery company → **Supply falls**, so **Price rises**
6. A cheaper substitute appears → **Demand falls**, so **Price falls**

> **Common mistake:** treating every change as a change in demand. A frost does not alter how much coffee people want — it alters how much there is. Ask first whether the event happened to the buyers or to the sellers.

## Part D — Think it through

1. **The price is below the equilibrium price, and it would be expected to rise.**
   Selling out early with queues every day is the definition of a shortage: more is wanted at that price than exists.
2. **Reason: to keep an essential affordable, such as food, fuel or rent. Problem: at the lower price less is supplied, so shortages and queues appear and the good may be rationed or sold unofficially.**
   Accept any sensible pair. The point is that holding a price down does not create more of the thing.