

Name: _____

Supply and Demand

Supply is the amount of goods available at a given time. If there is a lot of something available for sale, the supply is high. If there isn't enough of something available for sale, there is a **scarcity**.

Demand is how many people want the goods that are available. If many people want the goods available, there is **high demand**. If there aren't many people who want the goods available, there is a **low demand**.



Jim and Kate own a farm. They have twenty hens that produce eggs. Jim and Kate sell the eggs to supermarkets across the state.

1. In April, many people wanted to buy eggs for Easter. Was the demand for eggs higher or lower than normal? 1. _____
2. In June, six of Jim and Kate's hens were sick and could not lay eggs. Was the supply of eggs higher or lower than normal? 2. _____
3. In August, Jim and Kate bought ten more hens. Did this cause the supply of eggs to go up or down? 3. _____
4. October was national pancake month. Because of this, many people stopped buying eggs. Did this cause the demand to go up or down? 4. _____
5. Do you think Jim and Kate like the demand for eggs to be high or low? Explain.

6. If most of the hens stop laying and eggs become scarce, what will probably happen to the price of eggs? Explain.

ANSWER KEY

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Jim and Kate own a farm. They have twenty hens that produce eggs. Jim and Kate sell the eggs to supermarkets across the state.

1. In April, many people wanted to buy eggs for Easter. Was the demand for eggs higher or lower than normal? **1. higher**
2. In June, six of Jim and Kate's hens were sick and could not lay eggs. Was the supply of eggs higher or lower than normal? **2. lower**
3. In August, Jim and Kate bought ten more hens. Did this cause the supply of eggs to go up or down? **3. up**
4. October was national pancake month. Because of this, many people stopped buying eggs. Did this cause the demand to go up or down? **4. down**
5. Do you think Jim and Kate like the demand for eggs to be high or low? Explain.

They prefer high demand because this means they can sell more eggs and the price can be higher.

6. If most of the hens stop laying and eggs become scarce, what will probably happen to the price of eggs? Explain.

The price of eggs would rise because there are still many people who want eggs, but not enough eggs to go around.