

Name _____

The Price Puzzle: How Supply and Demand Make Things Cost More or Less

Short Answer Key

1. Producers determine how many items they are willing and able to offer for sale.
2. Factors influencing supply include production costs, technology, government regulations, and weather conditions.
3. The demand curve shows the relationship between the price of a product and the quantity consumers want to purchase. When prices go down, demand typically increases.
4. Changes in consumer preferences can lead to shifts in demand. For example, if people suddenly prefer electric cars over gasoline-powered ones, the demand for electric cars will rise.
5. Preventing shortages and surpluses is essential for maintaining market stability and ensuring that resources are used efficiently.

