

## Supply and Demand Introduction

**Supply** is the quantity of goods that a supplier has available to sell. Goods supplied will vary depending on factors including price, availability, and time required for manufacture. In general, the higher the price, the greater the quantity of goods a supplier is willing to supply. **Demand** is the amount of goods that consumers are willing to purchase. Consumers normally want more goods at a lower price, and lesser goods at a higher price.

If **supply is greater than demand**, then the producers of those goods lose since they produced too many items which are not selling. This increases their costs. If **supply is less than demand**, then the consumer may be unhappy since they can not get the product they want. This may make the consumer unhappy with the supplier. The best scenario is when **supply equals demand**, also called **equilibrium**. This occurs at the price where supply and demand are equal.

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“Busy B's” shoe store is trying to set a price for a new pair of shoes. Help Mr. “Busy” Booth find the best price where the customers and he will be happy.

1. Plot the points for **selling price** and **number supplied** on the graph below. Draw a line through these points and mark the line "**Supply**".
2. Plot the points for **selling price** and **number demanded**. Draw a line through these points and mark the line "**Demand**".
3. Estimate where supply and demand are equal (in equilibrium). Circle this point and identify the selling price and units.

Selling Price	Number Supplied	Number Demanded
\$10.00	3	506
\$20.00	106	412
\$30.00	209	318
\$40.00	312	224
\$50.00	415	130

