

Supply and Demand Key Terms

Allowance - A sum of money paid regularly to a person, often by a parent to a child; sometimes paid in compensation for services rendered.

Check - A written order to a financial institution directing the financial institution to pay a stated amount of money, as instructed, from the customer's account.

Costs - An amount that must be paid or spent to buy or obtain something. The effort, loss or sacrifice necessary to achieve or obtain something.

Demand - The quantity of a good or service that buyers are willing and able to buy at all possible prices during a period of time.

Economics - The study of how people, firms and societies choose to allocate scarce resources with alternative uses.

Job - A piece of work usually done on order at an agreed-upon rate. Also a paid position of regular employment.

Law of Demand - As the price of a good or service rises (or falls), the quantity of that good or service that people are willing and able to buy during a certain period of time falls (or rises).

Law of Supply - As the price of a good or service that producers are willing and able to offer for sale during a certain period of time rises (or falls), the quantity of that good or service supplied rises (or falls).

Price - The amount of money that people pay when they buy a good or service; the amount they receive when they sell a good or service.

Producers - People and firms that use resources to make goods and services.

Profit - Income received for entrepreneurial skills and risk taking, calculated by subtracting all of a firm's explicit and implicit costs from its total revenues.

Quantity Demanded - The amount of a good or service people will buy at a given price in a given period of time.

Sale - An exchange of goods or services for money.

Shortage - The situation that results when the quantity demanded for a product exceeds the quantity supplied. Generally happens because the price of the product is below the market equilibrium price.

Supply - The amount of a good or service that producers are willing and able to offer for sale at each possible price during a given period of time.

Work - Effort applied to achieve a purpose or result, often for pay; skills and knowledge put to use to get something done; employment at a job or in a position; occupation, profession, business, trade, craft, etc.