

Name: _____

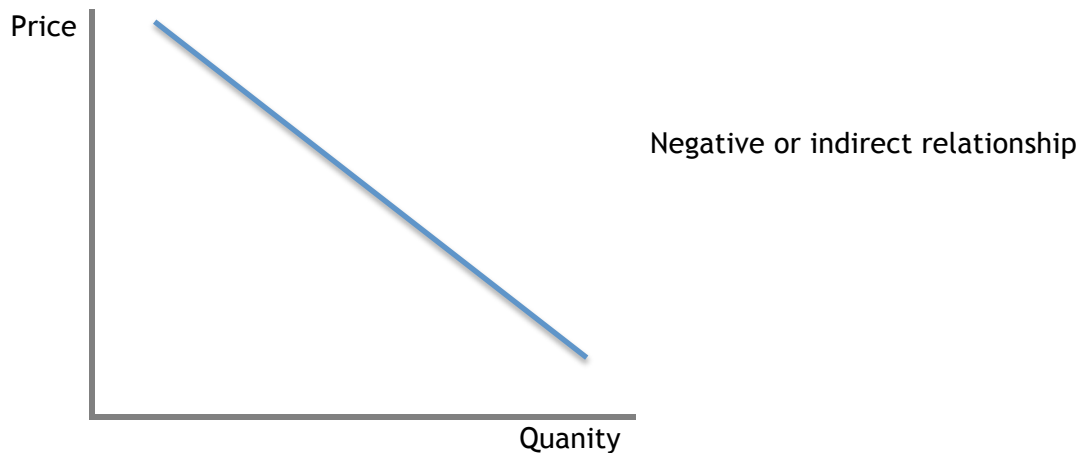
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Activity 1 - Answer Key

Fill in blanks as you watch the Federal Reserve Bank of St. Louis' videos on Supply and Demand.

Demand:

1. Economists define demand as the quantity of a good or service that buyers are willing and able to buy at all possible prices during a certain period of time.
2. Understanding demand provides some insight into the behavior of buyers.
3. The law of demand says that as the price of a good increases, the quantity demanded for that good decreases and vice versa.
4. Draw and label a demand curve and both axes, include type of relationship.



Supply:

1. Economists define supply as the quantity of a good or service that producers are willing and able to offer for sale at each possible price during a given time period.
2. The objective of a business owner is to make a profit, which is the difference between the cost producing a good and the price received.
3. As the price of a good or service increases, the quantity of the good or service producers will produce and sell also rises and vice versa.
4. Draw and label a supply curve and both axes, include type of relationship.

