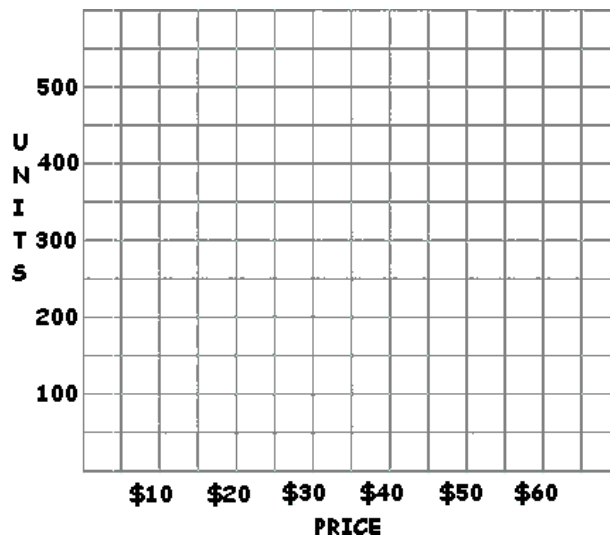


Supply and Demand

Riley's clothing store wants to set a price for a new pair of jeans. Help Riley find the best price that will satisfy both customers and Riley.

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 sold.

Selling Price	Number Supplied	Number Demanded
\$10.00	17	496
\$20.00	134	392
\$30.00	251	288
\$40.00	368	184
\$50.00	485	80



Question:

1. From the activity above, how would you define supply and demand in your own words?

Comparison of Three Companies' Prices and Quantities Sold

Company A	Company B	Company C
Price : \$5.50	Price \$12.50	Price – \$25
Quantity sold – 1000	Quantity sold – 425	Quantity sold – 10
Profit margin -\$.10	Profit margin - \$4.10	Profit margin - \$17.75

Which company could continue to sell their product and continue to make a profit for a long period of time?
(Answer Company B)

Why do you think so students? (Solicit some answers)

Which company over priced their product? What affect did this have on the quantity sold? Why?

Which company sold a large quantity? Why would this business not be able to continue to produce this product if the cost went up \$.20?

What are examples of how you face supply and demand on a daily basis?