Supply and Demand

6th Grade

Why prices move, explained without a single graph.

DEMAND

- How much people want to buy
- Rises when price falls
- Rises with fashion or need
- High demand, limited supply → price up
- Low demand → price down or unsold

SUPPLY

- How much producers make available
- Rises when price rises
- Limited by resources and cost
- High supply, low demand → price down
- Shortage → price up

THE DIFFERENCE THAT MATTERS

Price settles where what people will pay meets what producers will accept. Change either side and the price moves.

Strawberries are cheap in summer because supply is high. In winter it is the opposite.