

Market Signals

See how choices, prices, and competition shape a market economy.

SS.8.E.1 "Understand the fundamental concepts relevant to the development of a market economy."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline three sentences that show how a change in supply, demand, price, or competition affects a buyer's or seller's choice. Number your underlined sentences 1, 2, and 3 to trace market signals.

A Saturday Market

- ① On Saturday mornings, the River Street market fills an empty parking lot with sellers and shoppers. Maya runs a fruit stand, and customers decide which foods to buy with their limited money. Maya is a producer because she offers goods for sale. Her customers are consumers because they buy goods to meet wants. No official tells shoppers which apples to choose or tells Maya exactly how many baskets to bring. Their choices help direct the market.
- ② One week, a late frost damages nearby peach trees. Fewer peaches reach Maya's stand, while many shoppers still want them. Because supply falls while demand stays strong, Maya raises the price of peaches. The higher price gives some shoppers a reason to buy fewer peaches or choose pears instead. It also gives growers an incentive to send more peaches to future markets if they can. Prices carry information about scarcity and influence decisions without a central planner.
- ③ Other sellers notice that peaches now bring a higher price. Two farms plan to plant more peach trees, but a pear seller lowers her price to attract customers who changed their minds. Sellers compete by adjusting prices, improving quality, or offering choices that buyers value. Maya must consider her costs, including fruit, crates, and the space fee, before deciding whether a price will earn profit. In this market, buyers and sellers respond to incentives, and their many choices shape what is produced and sold.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Why did Maya raise the price of peaches?

2 How did the higher peach price affect both shoppers and growers?

3 According to the passage, what are two ways sellers can compete for buyers?

4 How can prices help direct a market without a central planner?

3 YOUR TURN _____ Your own words

Create a new market situation involving a product sold at a school snack cart. Write four sentences that explain a change in supply or demand, a price choice, a consumer response, and a producer or seller response.

PART 1 • READ AND MARK

Underline three sentences that show how a change in supply, demand, price, or competition affects a buyer's or seller's choice. Number your underlined sentences 1, 2, and 3 to trace market signals. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Why did Maya raise the price of peaches?	A late frost reduced the supply of peaches, while many shoppers still wanted them.
2	How did the higher peach price affect both shoppers and growers?	Some shoppers bought fewer peaches or chose pears. The higher price gave growers an incentive to send more peaches to future markets.
3	According to the passage, what are two ways sellers can compete for buyers?	Sellers can adjust prices, improve quality, or offer choices that buyers value.
4	How can prices help direct a market without a central planner?	Prices provide information about scarcity and influence the choices of buyers and sellers.

PART 3 • YOUR TURN (SAMPLE ANSWER)

At a school snack cart, a delivery delay leaves only a few granola bars. The seller raises their price, and some students buy trail mix instead. Seeing the higher price, the seller orders more granola bars for next week. The trail mix seller may lower prices or add a new flavor to compete.

Accept equivalent explanations that accurately connect supply, demand, prices, incentives, consumer choices, and seller choices. For Part 3, accept any realistic four-sentence scenario that includes all four required market actions.