

Prices in Motion

How buyers and sellers set financial asset prices

SS.8.FL.5.4 “Explain that the price of a financial asset is determined by the interaction of buyers and sellers in a financial market.”

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each sentence that tells what buyers or sellers do. Circle the words that show whether the price rises or falls, then use your marks to trace why the price changed.

A Market for Northline Shares

- ① Financial assets include stocks and bonds. A stock gives its owner a share of a company, while a bond is a loan to a government or business. People buy and sell these assets in financial markets. The quoted price is not set permanently by the company that issued the asset. Instead, it changes as buyers decide what they will pay and sellers decide what they will accept. A trade occurs when those choices meet at one price.
- ② On Monday, many investors wanted shares of Northline Bikes after the company reported strong sales. More buyers were willing to pay the current price than there were sellers willing to sell at that price. Some buyers offered more money to persuade owners to sell. As buyers competed for available shares, the market price rose. The higher price signaled that demand from buyers was stronger than the amount sellers offered at first that day in the market.
- ③ Later, a safety recall made some owners of Northline shares eager to sell. At the old, higher price, fewer buyers were willing to purchase the shares. Sellers who wanted to complete a trade lowered the price they would accept. As lower offers attracted buyers, trades occurred at lower prices. This did not mean every owner had to sell. It showed how changing choices by buyers and sellers can move an asset's price in a market.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 According to the passage, what two choices must meet for a trade to occur?

2 Why did the price of Northline shares rise on Monday?

3 How did sellers help move the price lower after the safety recall?

4 What did the Northline example show about who determines an asset's market price?

3 YOUR TURN _____ Your own words

Invent a financial asset and a market situation. Write exactly two sentences: in the first sentence, describe a change in what buyers or sellers want to do. In the second sentence, explain whether the price rises or falls and how the other side responds.

PART 1 • READ AND MARK

Underline each sentence that tells what buyers or sellers do. Circle the words that show whether the price rises or falls, then use your marks to trace why the price changed. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	According to the passage, what two choices must meet for a trade to occur?	A buyer's decision about what to pay and a seller's decision about what to accept must meet at one price.
2	Why did the price of Northline shares rise on Monday?	More buyers wanted the shares than sellers were willing to sell at the current price. Buyers offered more money and competed for available shares.
3	How did sellers help move the price lower after the safety recall?	Sellers who wanted to complete a trade lowered the price they were willing to accept.
4	What did the Northline example show about who determines an asset's market price?	The price is determined by the changing choices and interaction of buyers and sellers in the financial market, not set permanently by the issuing company.

PART 3 • YOUR TURN (SAMPLE ANSWER)

After MetroBuild wins a rail contract, more investors want its bonds, but few owners want to sell them. Buyers offer more money, so the bond price rises until enough sellers are willing to accept the higher price.

Accept any plausible financial asset and a clear explanation that connects a change in buyer or seller behavior to a price movement. The response must show interaction between both buyers and sellers, not merely state that a price changed.