Peach Market Shifts

Trace how separate market events change price and sales.

E.2.4 "Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Number the four separate peach-market events 1 through 4. In each event, underline the words that show whether buyers or sellers change their behavior.

Four Weeks at the Peach Market

1. At a city farmers market, many stalls sell peaches, and buyers can compare prices. A competitive market settles at a price where the amount buyers want equals the amount sellers offer. When buyers want more at every price, demand shifts right. If supply stays the same, the new market price and number of peaches sold both rise. When buyers want less at every price, demand shifts left. If supply stays the same, price and quantity sold both fall. Keep these rules in mind as you examine several separate weeks. Each week begins at its usual price and sales level.

2. During one week, a school district adds fresh peaches to its lunch menu. Its orders add to purchases by families and restaurants at every possible price. Farms have no time to plant more trees or add new sellers that week. In a different week, a late frost damages peach blossoms before harvest. Farms can then bring fewer peaches to market at every price, even though shoppers' tastes have not changed. For either week, consider only the event described, not the earlier week. The events change different sides of the market, so their effects on price and sales need not match.

3. When sellers can offer more at every price, supply shifts right. With demand unchanged, the market price falls and the number sold rises. When sellers can offer less at every price, supply shifts left. With demand unchanged, the price rises and the number sold falls. In another week, cheaper reusable crates cut the cost of packing peaches for every farm, while buyer interest stays steady. In a separate week, a sale on nectarines draws some shoppers away from peaches at every peach price. Farms face no change in their costs or harvest that week. Compare each week with a normal week.

2 ANSWER WITH EVIDENCE

Use the passage

1. When the school district adds peaches to its menu, which shifts, supply or demand? In which direction do price and quantity sold move?

2. How does the late frost change peach supply? What happens to the market price and quantity sold?

3. How do cheaper reusable crates change peach supply? What happens to the market price and quantity sold?

4. When nectarines go on sale, how does demand for peaches change? What happens to the price and quantity of peaches sold?

3 YOUR TURN

Your own words

Choose a competitive market other than peaches. In four sentences, describe one event that shifts demand and a different event that shifts supply, treating the events separately. For each event, state what happens to price and quantity sold if the other side of the market does not shift.

Peach Market Shifts

PART 1 · READ AND MARK

Number the four separate peach-market events 1 through 4. In each event, underline the words that show whether buyers or sellers change their behavior. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	When the school district adds peaches to its menu, which shifts, supply or demand? In which direction do price and quantity sold move?	**Demand shifts right. Price and quantity sold both rise.**
2	How does the late frost change peach supply? What happens to the market price and quantity sold?	**Supply shifts left. Price rises, and quantity sold falls.**
3	How do cheaper reusable crates change peach supply? What happens to the market price and quantity sold?	**Supply shifts right. Price falls, and quantity sold rises.**
4	When nectarines go on sale, how does demand for peaches change? What happens to the price and quantity of peaches sold?	**Peach demand shifts left. Peach price and quantity sold both fall.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In the market for umbrellas, a forecast of a rainy month increases demand while supply stays the same. The market price and quantity sold both rise. Separately, a drop in the cost of fabric increases umbrella supply while demand stays the same. The market price falls, and quantity sold rises.

Accept “sales” or “number sold” for quantity sold. In Part 3, each event must shift a different side of the market, and each price and quantity prediction must match that shift.