Prices on the Move

How buyers and sellers shape prices

5.P.2.4.B "Explain how the concept of supply and demand operates in a market economy, using historical and contemporary examples."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB In each example, underline a clue that demand rose, circle a possible price increase, and number a seller's response. Use 1 for the shovel example and 2 for the fan example.

Shovels, Fans, and Prices

1. In a market economy, shoppers choose what to buy, and sellers choose what to offer. Demand means how much people want to buy at a given price. Supply means how much sellers are willing to offer at that price. When many shoppers want an item but few are for sale, its price often rises. That higher price can encourage sellers to bring more of the item to market.

2. In 1849, people traveled to California hoping to find gold. These miners needed tools such as shovels. In busy mining areas, many customers wanted shovels at once, but stores could not always get enough quickly. With high demand and limited supply, shovel prices could rise. The higher prices gave merchants a reason to order more tools. As more shovels arrived, competition among sellers could help lower prices.

3. Today, a sudden heat wave can change the market for electric fans. More families may want fans, while local stores have only their usual number on the shelves. If fans sell out, some stores may raise prices, and sellers may order more. After the heat wave ends, fewer people may want fans. Stores with extra fans may lower prices to attract buyers. Supply, demand, and prices can keep changing.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why could shovel prices rise in busy California mining areas in 1849? Explain using supply and demand.

2. How could higher shovel prices change what merchants did? How might that later affect prices?

3. Why might a store raise the price of fans at the start of a heat wave? Describe both demand and supply.

4. After the heat wave ends, why might a store lower the price of its extra fans?

3 YOUR TURN

Your own words

Imagine several farms bring a much larger tangerine harvest than usual to a neighborhood market, but the number of buyers stays about the same. In three sentences, explain how supply changes, what may happen to the price and why, and one thing a seller could do to attract buyers.

ANSWER KEY

Prices on the Move

GRADE 5 · 5.P.2.4.B

PART 1 · READ AND MARK

In each example, underline a clue that demand rose, circle a possible price increase, and number a seller's response. Use 1 for the shovel example and 2 for the fan example. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why could shovel prices rise in busy California mining areas in 1849? Explain using supply and demand.	**Many miners wanted shovels, so demand was high, but stores could not get enough quickly, so supply was limited.**
2	How could higher shovel prices change what merchants did? How might that later affect prices?	**Higher prices could lead merchants to order more shovels. As supply increased, competition among sellers could help lower prices.**
3	Why might a store raise the price of fans at the start of a heat wave? Describe both demand and supply.	**More families may want fans, raising demand, while stores have only their usual supply. Fans may sell out, and some stores may raise prices.**
4	After the heat wave ends, why might a store lower the price of its extra fans?	**Demand may fall when fewer people want fans. A store with extra fans may lower its price to attract buyers.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The larger harvest increases the supply of tangerines, while demand stays about the same. With more tangerines for the same number of buyers, prices may fall. One seller could lower the price to attract buyers from other stands.

Accept answers that correctly connect a change in supply or demand to a possible price change. Prices are described as possibilities, not guaranteed results.