Snack Cart Prices

Read how supply and demand can change a price.

3.6.A "explain how supply and demand affect the price of a good or service;"

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline clues about demand, circle clues about supply, and write ↑ or ↓ by each price change.

Water at the Pool

1 Supply is the amount of a good or service that sellers have ready to sell. Demand is how much buyers want to buy. At the town pool, a snack cart sells cold water bottles. On a hot afternoon, many swimmers want water. Demand is high because many buyers want the same good. The cart owner notices the busy line.

2 The cart owner has only twenty bottles in a cooler. Because many swimmers are waiting, the owner raises the price from one dollar to two dollars per bottle. The higher price can help the bottles last longer. When demand is high and supply is low, the price often rises. Buyers may choose a different drink or wait.

3 On a cool day, fewer swimmers want cold water, so demand drops. The owner has many bottles left in the cooler. To sell more bottles, the owner lowers the price to one dollar. When supply is high and demand is low, the price often falls. A seller watches both supply and demand before choosing a price.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why is demand for water high on the hot afternoon?

2. How do low supply and high demand affect the water price on the hot afternoon?

3. Why does the owner lower the price on the cool day?

4. What happens to a price when demand is high and supply is low? What happens when supply is high and demand is low?

3 YOUR TURN

Your own words

Write exactly two sentences about a service with high demand and low supply. Explain how those conditions change the price.

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PART 1 · READ AND MARK

Underline clues about demand, circle clues about supply, and write ↑ or ↓ by each price change. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why is demand for water high on the hot afternoon?	**Many swimmers want to buy cold water on a hot afternoon.**
2	How do low supply and high demand affect the water price on the hot afternoon?	**The owner has only twenty bottles, but many swimmers want them. The price rises from one dollar to two dollars.**
3	Why does the owner lower the price on the cool day?	**Fewer swimmers want water, and the owner has many bottles left. Demand is low and supply is high.**
4	What happens to a price when demand is high and supply is low? What happens when supply is high and demand is low?	**A price often rises when demand is high and supply is low. A price often falls when supply is high and demand is low.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Before a school play, many families wanted haircuts, but only one barber was working. Demand was high and supply was low, so the barber charged a higher price.

Accept any realistic service situation that clearly states or shows high demand and low supply. The response should explain that the price rises because many buyers want a limited service.