

# Supply & Demand Word Search

Answer Key

financepuzzles.com · Economics

## ■ 10 Terms & Definitions

<p><b>SUPPLY</b></p> <p>Supply refers to the total amount of a product or service that producers are willing and able to offer for sale at various prices during a given period. The law of supply states that, all else being equal, as the price of a good increases, producers are willing to supply more of</p>	<p><b>DEMAND</b></p> <p>Demand refers to the quantity of a good or service that consumers are willing and able to purchase at various prices during a given period. The law of demand states that, all else being equal, as the price of a good decreases, the quantity demanded increases.</p>
<p><b>EQUILIBRIUM</b></p> <p>Market equilibrium is the point at which the quantity supplied equals the quantity demanded, resulting in a stable market price. At equilibrium, there is no tendency for prices to change unless external factors — called demand or supply shocks — disrupt the balance.</p>	<p><b>ELASTICITY</b></p> <p>Price elasticity of demand measures how sensitive consumers are to price changes. If demand drops sharply when prices rise, it is elastic. If demand changes little despite price changes — such as for essential medications — it is inelastic. Understanding elasticity helps business</p>
<p><b>SHORTAGE</b></p> <p>A shortage occurs when the quantity demanded exceeds the quantity supplied at the current market price. Shortages are often caused by prices being set below market equilibrium — through government price controls, for example — or by sudden demand surges or supply disruptions.</p>	<p><b>SURPLUS</b></p> <p>A surplus occurs when the quantity supplied exceeds the quantity demanded at the current market price. Surpluses cause prices to fall as producers compete to sell excess inventory. Government price floors — minimum prices set above equilibrium — commonly create surpluses.</p>
<p><b>SCARCITY</b></p> <p>Scarcity is the fundamental economic problem: human wants are unlimited, but the resources available to satisfy them are finite. Because of scarcity, individuals and societies must make choices about how to allocate limited resources — giving rise to all of economics as a field o</p>	<p><b>MARKET</b></p> <p>A market is any mechanism — physical or virtual — through which buyers and sellers interact to exchange goods, services, or financial instruments. Markets can be local (a farmers market), national (the US stock market), or global (the foreign exchange market). Competitive markets</p>
<p><b>INFLATION</b></p> <p>When demand consistently exceeds supply across the economy, prices rise — causing inflation. Demand-pull inflation occurs when consumers have more money to spend than there are goods and services to buy. This can happen when governments inject stimulus into the economy or when em</p>	<p><b>COMPETITION</b></p> <p>Market competition occurs when multiple sellers offer similar products or services, giving buyers choices. Competition drives innovation, lowers prices, and improves quality because businesses must constantly work to attract customers. The US antitrust laws — Sherman Act, Clayton</p>