**Topic 5.1 Demand & Supply: Starter Activity**

**Task 1:**

Using the book, write an appropriate definition for the following key terms:

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| **Key Term:** | **Definition:** |
| **Commodities** |  |
| **Supply** |  |
| **Commodity Markets** |  |
| **Demand** |  |
| **Goods Markets** |  |
| **Surplus** |  |
| **Shortage** |  |

**Task 2:**

Fill in the missing words in the passage below using some of the words above.

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| **Absorb, High, Demand, Shortage, Low, Everyday, Commodity, Pass On, Raw Materials, Commodity Markets, Customer** |

Commodities describe................................................such as coal and oil. These commodities are sold in................................................, where buyers and sellers meet to exchange goods. The price of commodity goods depends on supply and........................................... Supply describes the amount of products produced and available to the.................................... Demand describes the amount of products customers are willing to pay far.

If supply is low and demand is high then the price will be............................................ This is because there is a...................................... If supply is high and demand is low then the price will be ....................................................... This is because there is a surplus. In contrast, goods markets concern the sales of..............................................................products. The difference between the two markets is that the price changes more often in........................................................markets.

If the prices for commodities go up this will have an impact on small businesses, as their costs will increase. Therefore, small businesses can........................................... costs, which mean lower profits but will have lower prices than the competition. On the other hand .small businesses can ......................-............ the costs, which mean their prices, will increase.