

CE.E.1.3

Explain how supply and demand determine equilibrium price and quantity produced (e.g., any market example –apples, tires, etc.).

Students will understand:

1. In a pure free market economy, price and quantity are determined by the interaction of supply and demand.
2. Increases or decreases in demand and/or supply will usually drive price and quantity.

Students will know:

1. How to create a demand schedule.
2. How to create a supply schedule.
3. How to find the “market clearing price” or “equilibrium price and quantity.”
4. The difference between “demand” (the curve) and “quantity demanded” (the x-axis).
5. How to move supply and demand curves (e.g., the slide of a curve to the right or left).
6. What occurrences will move supply curves and demand curves (e.g. An improvement in technology will cause an industry’s supply curve to slide to the right. Advertisement for a product will cause the demand curve to slide to the right)