

## LAWS OF SUPPLY AND DEMAND

### What are the Laws of Supply and Demand?

The term **supply** refers to the **amount of goods** that are available for sale. The term **demand** refers to how many people want the good or service that is for sale. The price of a good has an effect on how many people want to buy it.

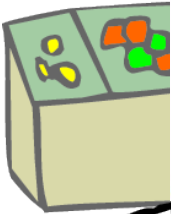
Many markets operate through **supply and demand**. Goods are made and sold according to the demand by the people. If a consumer wants more of one good or service, the manufacturers will make more, which in turns makes more money for the manufacturers.

Both supply and demand depend on each other. This means that the manufacturer needs the consumer to stay in business. If no one wants the product, the business will fail!



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