**Domain 2: Vocabulary 1**

**Ten Words in Context**

*In the space provided, write the letter of the meaning closest to that of each* ***boldfaced*** *word. Use the context of the sentences to help you figure out each word’s meaning.*

|  |  |
| --- | --- |
| 1. **Law of Demand**

\_\_\_ Law of Demand means | * The **law of demand** explains why more people want to buy school supplies on tax free weekends.
* According to the **law of demand**, consumers should want to purchase Christmas decorations after Christmas is over rather than before it.
1. Prices rise = demand rises b. prices rise = demand falls c. prices fall = demand falls
 |
| 1. **Quantity Demand**

\_\_\_ Quantity Demand means | * His **quantity demand** for cookies decreased when the price went up.
* Consumers are quick to change the **quantity** they **demand** when the prices change.
1. A particular quantity wanted b. total amount desired c. total amount produced
 |
| 1. **Factor Market**

\_\_\_ Factor Market means | * My boss is an expert on purchasing machinery and raw inputs and spends most of his time focusing his analysis on the **factor market** for our company.
* We went to the **factor market** because we needed to purchase some labor and some other stuff for our business.
1. Place where resources are sold b. open market c. place where goods are sold
 |
| 1. **Product Market**

\_\_\_ Product Market means | * Although they wanted to come out strong with their new product, there were many different ideas on what the target **product market** should be.
* Knowing where you stand in the **product market** will help you to set the price on your future goods and services.
1. Place where goods are produced b. place where resources are sold c. place where goods are sold
 |
| 1. **Law of Supply**

\_\_\_ Law of Supply means | * According to the **law of supply**, more sellers will enter the corn market if consumer demand drives up prices.
* The **law of supply** explains why you see more music groups debut when a particular genre of music becomes popular.
1. Prices rise = supply rises b. prices rise = supply falls c. prices fall = supply rises
 |
| 1. **Circular Flow**

\_\_\_ Circular Flow means | * The **circular flow** system explains how households are able to earn income and purchase goods and services.
* The **circular flow** system helps us understand how businesses are able to obtain the resources they need to produce and how they earn profits.
1. Flow of money, resources, goods b. Flow of money, resources and production c. flow of resources, goods and production
 |
| 1. **Barter**

\_\_\_ Barter means | * Before societies used money to pay for goods and services they used the **barter** system and in the end everyone ended up with something they needed.
* He didn't have enough money to buy a new bike so he created an ad in the newspaper offering to **barter** his couch for one.
1. divest b. amortize c. trade
 |
| 1. **Quantity Supply**

\_\_\_ Quantity Supply means | * When the price of an orange is 65 cents the quantity supplied is 300 oranges a week.
* If the price of copper falls from $1.75/lb to $1.65/lb, the quantity supplied by a mining company will fall from 45 tons a day to 42 tons a day.
1. A particular quantity wanted b. a particular quantity produced c. total amount produced
 |
| 1. **Medium of exchange**

\_\_\_ Medium of exchange means | * You need to make sure that there is a good **medium of exchange** in any economy in order to ensure that all persons involved are satisfied.
* A valid and sustainable **medium of exchange** allows for more efficient trade in any economy.
1. Item used to make trade possible b. item used to represent a stable value c. item used to represent a constant value
 |
| 1. **Equilibrium**

\_\_\_ Equilibrium means | * Economic **equilibrium** is established when all the buyers and sellers in a market are satisfied.
* **Equilibrium** helps us set the final price of goods and services.
1. imbalance b. unbalance c. balanced
 |

**Matching Words with Definitions**

*Following are definitions of the ten words. Clearly write or print each word next to its definition. The sentences above and on the previous page will help you decide on the meaning of each word.*

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Price and quantity that exist when supply and demand are **equal.**
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Theory** that as prices rise, the quantity **supplied** of goods and services will rise.
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Market where **goods and services are sold.**
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Market where **resources are bought and sold.**
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Trading goods and services directly **without the use of a currency.**
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Flow** of all goods, services, resources, and money throughout an economy.
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A specific **amount producers** will sell at a specific price.
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A specific **amount** **consumers** will purchase at a specific price.
9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Function of money where **money** is accepted in **exchange** for all goods and services.
10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Theory** that as prices increase, the quantity **demand** of a good will decrease..

**Sentence Check 1**

\*Law of Demand \*Quantity Demand \*Law of Supply \*Quantity Supply \*Equilibrium

\*Product Market \*Factor Market \*Circular Flow \*Barter \*Medium of Exchange

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 1. If I listen to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ I’ll buy less music everytime Amazon raises prices on digital music purchases.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. Purchasing items in the \_\_\_\_ means I can have more shoes, hats and books to read.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. Using \_\_\_\_\_\_\_\_\_\_ to get items you want is very tricky because not everyone is going to have what you need.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. Our company needs to hire more labor and land for expansion so we will need to return to the \_\_\_\_\_\_\_\_\_\_\_ to get it.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. If I am going to set the best price for my products I need to first figure out what the \_\_\_\_\_\_\_\_\_\_\_\_\_ price might be so I know what will bring in the most customers.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 6. The \_\_\_\_\_\_\_\_ I have for candles fluctuates with the price; if it goes up I will have to cut back.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 7. Having a common currency as a \_\_\_\_\_\_\_\_\_\_\_ has made trade between nations in Europe much easier.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 8. The \_\_\_\_\_\_\_\_\_ dictates that Target will not provide more Coke products unless they can raise the price they charge.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9. Following the \_\_\_\_\_\_\_\_\_\_ diagram makes understanding how households earn income and how businesses earn profits easier.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 10. The local cupcakery on Dallas Highway will increase their \_\_\_\_\_\_\_\_\_ of peppermint cupcakes only in December when demand is higher and people are willing to pay more for them.