GENERAL ECONOMIC ENGLISH

Week 04: Supply, Demand and Markets

1. Main Academic Text & Core Concepts

In market economies, prices and output levels are determined by the interaction of supply and demand. Demand represents the quantity of a good or service that consumers are willing and able to purchase at various price levels during a given period. The Law of Demand states that, ceteris paribus (all other factors remaining constant), as the price of a product increases, the quantity demanded decreases.

Supply represents the quantity of a commodity that producers are willing and able to offer for sale at various prices. The Law of Supply states that as the price of a product rises, the quantity supplied increases, as higher prices incentivize higher production.

The point at which the quantity demanded by buyers equals the quantity supplied by sellers is known as Market Equilibrium. The corresponding price is the equilibrium price. If market price is set above equilibrium, a Surplus occurs (supply exceeds demand). Conversely, if price is set below equilibrium, a Shortage results.

2. Key Terminology & Academic Definitions

Demand	Noun	The quantity of a good that buyers are willing to purchase at a given price.
Supply	Noun	The quantity of a good that producers are willing to sell at a given price.
Equilibrium	Noun	The market state where supply equals demand, resulting in stable prices.
Shortage	Noun	A situation in which quantity demanded exceeds quantity supplied.
Surplus	Noun	A situation in which quantity supplied exceeds quantity demanded.
Ceteris Paribus	Adverb/Phrase	Latin phrase meaning 'all other things remaining equal'.
Incentive	Noun	A payment or concession to

	encourage greater production or effort.

3. Language Focus: Comparatives, Superlatives & Relationships

Comparative Structures: Use comparatives for market shifts: 'Higher prices lead to lower demand'; 'When supply is greater than demand...'

Proportional Relationships: Express inverse or direct relationships: 'Quantity demanded is inversely proportional to price.'

Cause and Effect Verbs: Use 'leads to', 'causes', 'results in', 'drives up/down'.