# **Supply and Demand Lesson Plan**

This lesson is designed for students in grades 4-8 and includes differentiation options to make the lesson appropriate for your group of students. In this lesson, students will read about the concept of supply and demand. They will also analyze a graph to help deepen their understanding of this idea. Students will apply their understanding and use their creativity to consider supply and demand in the real world.

**Standards:**

**National Standards for Personal Financial Education**

* By the end of 4th Grade:
  + Spending 4-4 General – Purchasing decisions have costs and benefits that can be different for different people.
  + Spending 4-5 General – Price, Spending choice of others, peer pressure, and advertising about a product or service can influence purchase decisions.
* By the end of 8th Grade:
  + Spending 8-3 General – When evaluating information about goods and services, a consumer can better assess the quality and usefulness of the information by understanding the incentives of the information provider.

**Common Core State Standards:**

* 4th Grade
  + **CCSS.ELA-Literacy.RI.4.1** – Refer to details and examples in a text when explaining what the text says explicitly and when drawing inferences from the text.
  + **CCSS.ELA-Literacy.RI.4.4** – Determine the meaning of general academic and domain-specific words or phrases in a text relevant to a *grade 4 topic or subject area*.
  + **CCSS.ELA-Literacy.RI.4.9** – Integrate information from two texts on the same topic in order to write or speak about the subject knowledgeably.
* 5th Grade
  + **CCSS.ELA-Literacy.RI.5.1** – Quote accurately from a text when explaining what the text says explicitly and when drawing inferences from the text.
  + **CCSS.ELA-Literacy.RI.5.4**. – Determine the meaning of general academic and domain-specific words or phrases in a text relevant to a *grade 5 topic or subject area*.
  + **CCSS.ELA-Literacy.RI.5.9** – Integrate information from several texts on the same topic in order to write or speak about the subject knowledgeably.
* 6th Grade
  + **CCSS.ELA-Litearcy.RI.6.2** – Determine a central idea of a text and how it is conveyed through particular details; provide a summary of the text distinct from personal opinions or judgements.
  + **CCSS.ELA-Literacy.RI.6.4** – Determine the meaning of words and phrases as they are used in a text, including figurative, connotative, and technical meanings.
  + **CCSS.ELA-Literacy.RI.6.7**– Integrate information presented in different media or formats (e.g., visually, quantitatively) as well as in words to develop a coherent understanding of a topic or issue.
* 7th Grade
  + **CCSS.ELA-Literacy.RI.7.2** – Determine two or more central ideas in a text and analyze their development over the course of the text; provide an objective summary of the text.
  + **CCSS.ELA-Literacy.RI.7.4** – Determine the meaning of words and phrases as they are used in a text, including figurative, connotative, and technical meanings; analyze the impact of a specific word choice on meaning and tone.
* 8th Grade
  + **CCSS.ELA-Literacy.RI.8.2** – Determine a central idea of a text and analyze its development over the course of the text, including its relationship to supporting ideas; provide an objective summary of the text.
  + **CCSS.ELA-Litearcy.RI.8.4** – Determine the meaning of words and phrases as they are used in a text, including figurative, connotative, and technical meanings; analyze the impact of specific word choices on meaning and tone, including analogies or allusions to other texts.

**Objectives:**

* Students will be able to define vocabulary terms related to supply and demand.
* Students will be able to analyze what happens when there are changes to supply and demand.
* Students will be able to make and support predictions with reasoning based on changes in supply and demand.

**Lesson Duration:** approximately 40-55 minutes

**Materials:**

* Building Blocks of Finance Text Set
* Different colored marbles, chips, or other manipulatives you have on hand
* Containers to hold the manipulatives (sort them by color)
* Play currency (or other manipulatives to use in place of play currency)
* Supply and Demand article
* Supply and Demand graph
* Student notebooks
* Pencils
* Headline Activity Teacher Version
* Headline Activity Student Version
* Optional: Simplified Supply and Demand article

**Requisite Prior Knowledge:**

* In this lesson, students will read about the concept of supply and demand. They will also analyze a graph to help deepen their understanding of this idea. Prior to engaging in this lesson, students must understand the relationship between cause and effect.
* In addition, students may benefit from reading (or re-reading) two sections in the Building Blocks of Finance series: What Is Money? pages 28-31 and Spending Money pages 14-19. If you would like, you can include this reading as a pre-teaching activity for your students. Below are possible prompts to help guide your discussion.

What Is Money?, pages 28-31:

* What is the Law of Demand?
* What is the Law of Supply?
* What did Paycheck do differently this year compared to last year?
* How did Paycheck decide to try and solve his problem? Do you think this will be effective? Why?

Spending Money, page 14-19:

* Why do you think Bill’s friend was willing to sell her ice skates for so cheap?
* Think about the farmer’s market example. Why did the potatoes cost so much less than the pineapple?
* What often happens to the price of something when demand for it is low? What about when demand is high?

**Assessment:**

* Headline Activity Student Version (formative or summative)

**Vocabulary:**

* Supply – the amount of a product businesses are willing and able to offer for sale at various prices.
* Demand – the amount of a product that users can and would like to buy at various prices.
* Equilibrium Price - the price at which producers can actually sell and consumers agree to purchase

**Differentiation Considerations:**

* Consider using the Simplified Supply and Demand article. This is written at a lower Lexile level than the one included in the lesson plan.
* Assign partners/groups strategically prior to engaging in the lesson.
  + Consider the variety of headlines provided in the Headline Activity. Some of these have a lower cognitive demand (headlines 1 and 2) whereas others have a higher cognitive demand (headlines 3 and 4). Consider strategically assigning these headlines to specific pairs/groups.

**Lesson and Instruction:**

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| **Lesson Components and Time Guidelines** | **Teacher Actions** | **Notes** |
| **Introduction/Hook**  Approximately 10 minutes | This hook is intended to simulate trends in an active market so students can see what happens when supply and demand change.  Separate the manipulates by color and place into separate containers. Assign the same price to each one.  Provide students play currency (you can choose to give the same or different amounts to each student).  For the first round of purchasing, invite students to buy whatever colors they like best. Determine the most popular color and explain that the demand was high. There aren’t as many left (low supply) so we will change the prices. Increase the price of the popular color, decrease the least favorite, and adjust other prices how you see fit.  Open “purchasing” for a second round, this time asking students to provide their reasoning behind their purchases.  Discuss how demand affected the supply, how costs can shift, and how new supply can change demand.  Explain that we will do some reading and some creative writing about this concept today. Our goals today are to define terms related to supply and demand, analyze what happens when those change, and make predictions based on reasoning about supply and demand. |  |
| **Direct Instruction and Modeling**  Approximately 10-15 minutes | Read the Supply and Demand article with students. Use your preferred note-taking strategy to take notes on the following vocabulary: supply, demand, and equilibrium price (see Notes on right for sample definitions).  After reading, direct students’ attention to the Supply and Demand graph. Read the associated paragraph and point out the trends for supply and demand as well as the equilibrium price.  Optional discussion prompts:   * What typically happens to the demand when the supply is low? * What typically happens to the demand when the supply is high? * What is interesting about where the lines intersect (cross) on the graph?   Explain to students that we are going to transition to an activity to help us more deeply understand how supply and demand works in the real world. | Supply – the amount of a product businesses are willing and able to offer for sale at various prices.  Demand – the amount of a product that users can and would like to buy at various prices.  Equilibrium Price - the price at which producers can actually sell and consumers agree to purchase |
| **Application Activity**  Approximately 5-10 minutes | Present the Headline Activity Teacher Version to students and read the headline aloud. This headline is based on the 2020 toilet paper shortage across America due in large part to COVID-19 fueled panic-buying. Provide some background on this as needed for your students.  Ask students to predict what might happen based on this headline. Have students think about how supply and demand might relate to this situation. Solicit some student responses, focusing on the reasoning behind the predictions. Model how to write a prediction sentence that includes reasoning. *Toilet paper prices might increase because there is such a high demand and a low supply.*  Next, explain that students will use their creativity to write a follow-up headline. The goal here is to show how results vary based on changes in supply and demand. *Stores Place Restrictions on Number of Toilet Paper Products Individuals Can Purchase.* |  |
| **Independent Application and Demonstration of Learning**  Approximately 10-15 minutes | Pass out the Headlines Activity sheet and place students into pairs or groups (or individually) as you see fit. Review the directions with students and allow them to work collaboratively to analyze, predict, provide reasoning, and write a follow-up headline.  If needed, pull a group of students for extra support or for further extension. |  |
| **Closure**  Approximately 5-10 minutes | After students have completed the Headline Activity, choose 2-3 pairs/groups to share their headline, predictions, reasoning, and follow-up headline. Ask nonpresenting students to comment on the likelihood of their predictions and on follow-up headlines.  Close the lesson by reminding students that supply and demand are economic forces that determine how much of a product is produced as well as its price. When one changes, it often affects the other. |  |

**Next Steps and Reflection:**

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| What went well? |  |
| What changes might be beneficial? |  |
| Reteaching Needs |  |
| Extension Needs |  |