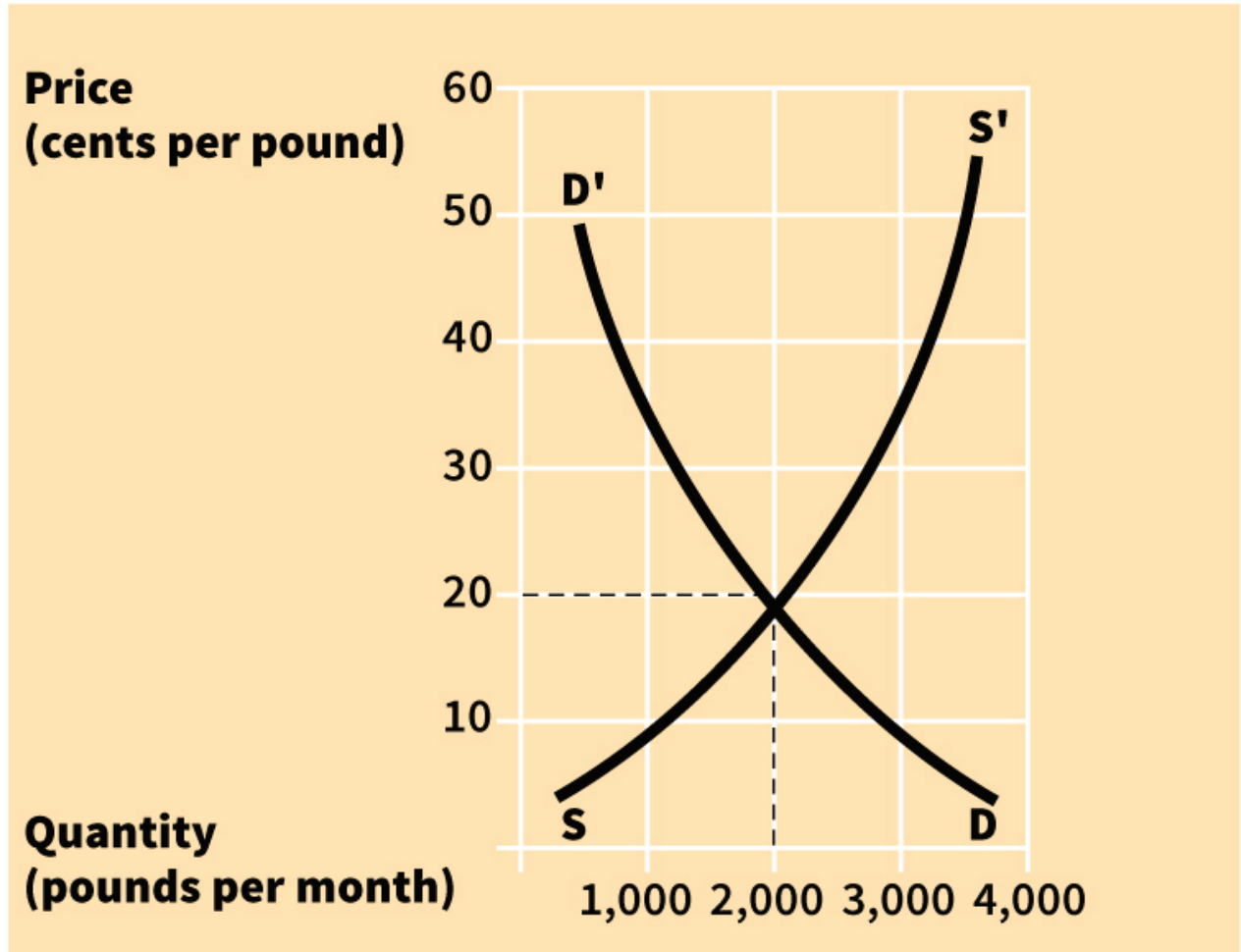


Supply and Demand (graph)

Student by World Book



Supply and demand determine how much of a product is produced and its price. This graph uses the market for onions as an example. The curve SS shows the number of pounds produced each month at a variety of prices. When prices are high, farmers produce more onions. However, as the DD curve shows, consumers buy fewer onions when the price is high. The supply and demand curves cross at a certain price (20 cents a pound in this example). At this price, suppliers offer just the quantity that users wish to buy.