

CONCEPT: INTRODUCTION TO SUPPLY AND DEMAND

● A **market** is a group of buyers and sellers of a particular good or service.

□ A market is **perfectly competitive** when:

- The goods for sale are _____

- The buyers and sellers are both _____

› Lots of buyers

› Lots of sellers

› Each market participant has _____ influence on price

Examples of products in (perfectly) competitive markets:

Examples of products in less competitive markets:

Ceteris Paribus – a Latin phrase meaning _____.

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PRACTICE: Which of the following goods would most likely be sold in a perfectly competitive market?

- a) Luxury cars
- b) Wheat
- c) Laptop Computers
- d) Pizza

PRACTICE: Products sold in a perfectly competitive market are

- a) Homogenous
- b) Heterogeneous
- c) Efficient
- d) Inefficient
- e) Both (a) and (c)

PRACTICE: The Latin phrase *ceteris paribus* means:

- a) All things are known to change
- b) Other things change equally
- c) All things at equilibrium
- d) Other things being equal