



Economics: Supply & Demand

Name: _____

Date: _____

Grade: Grade 5

Part A: Multiple Choice

Circle the best answer for each question.

1. A drought destroys half the wheat crop in the country. What will most likely happen to the price of bread?

- A) The price will drop because people eat less bread
- B) The price will rise because the wheat supply is lower
- C) The price will stay the same because bread is a need
- D) The price will drop because farmers will grow more wheat

2. Which is the best example of how the government helps keep markets fair?

- A) The government tells every store what prices to charge
- B) The government closes all businesses that earn a profit
- C) The government creates safety rules so products do not harm people
- D) The government gives money only to the largest companies

3. If inflation rises quickly, what happens to the money in a person's wallet?

- A) It can buy more goods than before
- B) It can buy fewer goods than before
- C) It becomes worth exactly the same as before
- D) It turns into a different kind of currency

4. A new factory opens and starts making sneakers in a town where two other sneaker factories already exist. What is the most likely result?

- A) All three factories will raise their prices together
- B) Consumers will have to buy fewer sneakers
- C) Increased competition may lead to lower prices for sneakers
- D) The government will shut down the new factory

Part B: Fill in the Blank

Write the correct answer on each line.

1. When prices rise across the whole economy over time, it is called _____.
2. The government uses _____ money to pay for public services like roads and schools.

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Part B: Fill in the Blank

Write the correct answer on each line.

1. When prices rise across the whole economy over time, it is called inflation.
2. The government uses tax money to pay for public services like roads and schools.
3. A decrease in the overall supply of a resource can cause its price to increase.