

## Introduction to Markets

✚ The objectives of this lesson are as follows

- 1) To understand what is meant by a market
- 2) To look at the main actors in the market
- 3) To consider the role of prices in the market

1) What do you understand by the term '**market**'?

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2) Can you give **examples** of markets with which you are familiar?



3) There are two main types of market that are described below. Complete the table.

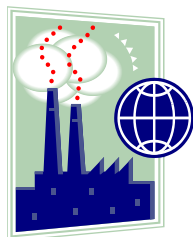
Type of Market	Actor 1	Actor 2	Example
<i>Goods Market</i>			
<i>Factor Market</i>			

4. We will now look in more detail at the **main actors** in the market.



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### 5) The role/function of prices in the market

Read the descriptions below and identify the different functions of prices.

Consumer's wants are infinite and resources are scarce. When demand for a product is high and supply is limited the price will rise. The high price means that few products will be bought reflecting the scarcity of that product	
The price of a good is an important piece of information to both buyers and sellers. High prices will attract more resources to a certain good or service and low prices will encourage buyers to purchase more goods and services.	
The price of a product is an important piece of information to both buyers and sellers in the market. They keep buyers and sellers informed of market conditions. This will help people to decide whether or not to buy or sell.	

6) Can you explain the three functions of prices using the three examples below.

**Platinum ring**

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**Oil**

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**Cassettes**

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