

5. Markets

A **Market** is all Individuals/companies involved in **buying** or **selling** a good or service

4 Questions

DEMAND

Quantity
Consumers willing to buy at different prices

What

Should We Produce?

Who

Are we doing it for?

How

Will We Make it?

SUPPLY

Quantity
Producers willing to make available at different prices

4 Types of Markets

1

Factor Market

Where a Factor of Production (FOP) is bought or sold

Buyer = Entrepreneur

Use = Production of Goods and Services

Seller = Owner of the FOP i.e. we all sell our labour for wages/salary

2

Intermediate Market

Where an output is sold as a raw material (i.e. iron) and used as an input to produce another good (i.e. steel)

Intermediate goods
aka 'Producer goods'

3

Final Market

Consists of Goods/Services which are complete, provide consumer utility and they are prepared to pay a price

Final market goods
aka 'Consumer goods'

4

Foreign Exchange Market

Where currencies are bought/sold for profit. This facilitates international trade between nations with different currencies

Price = exchange rate