

5.01 POBF KEY TERMS

<b>Key Term</b>	<b>Definition</b>
<b>Buyer's market</b>	The best time for consumers to buy; characterized by large supply, small demand, and low prices.
<b>Capital goods</b>	Manufactured or constructed items that are used in the production of goods and services.
<b>Consumer</b>	Anyone who uses goods and services.
<b>Consumer goods</b>	Tangible items produced for personal use.
<b>Consumption</b>	The process or activity of using goods and services.
<b>Demand</b>	The quantity of a good or service that buyers are ready to buy at a given price at a particular time.
<b>Distribution</b>	A marketing/business function that is responsible for moving, storing, locating, and/or transferring ownership of goods and services.
<b>Economic resources</b>	The human and natural resources and capital goods used to produce goods and services.
<b>Economic want</b>	Desires for items that can only be obtained by spending money.
<b>Economics</b>	The study of how to meet unlimited, competing wants with limited resources.
<b>Economizing</b>	The process of deciding which goods and services will be purchased or provided so that the most satisfaction can be obtained; deciding how scarce resources will be used.
<b>Elastic demand</b>	A form of demand for products in which changes in price correspond to changes in demand.
<b>Elasticity</b>	An indication of how changes in price will affect changes in the amounts demanded and supplied.
<b>Equilibrium price</b>	The point at which the quantity of a good that buyers want to buy is equal to the quantity that sellers are willing to sell at a certain price.
<b>Excess demand</b>	The situation that exists when demand is greater than supply.
<b>Excess supply</b>	The situation that exists when supply is greater than demand.
<b>Exchange</b>	The process of trading one good/service for another.
<b>Factors of production</b>	Productive resources; human and natural resources and capital goods.
<b>Form utility</b>	Usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer.
<b>Goods</b>	Tangible objects that can be manufactured or produced for resale.
<b>Human resources</b>	People who work to produce goods and services.
<b>Industrial goods</b>	Tangible items that will be consumed by industrial users.
<b>Inelastic demand</b>	A form of demand in which changes in price do not affect demand.
<b>Law of demand</b>	Economic principle which states that the quantity of a good or service that people will buy varies inversely with the price of the good or service.
<b>Law of supply</b>	Economic principle which states that the quantity of a good or service that will be offered for sale varies in direct relation to its price.
<b>Law of supply and demand</b>	Economic principle which states that the supply of a good or service will increase when demand is great and decrease when demand is low.
<b>Market price</b>	Actual price that prevails in a market at any particular moment
<b>Natural resources</b>	Any resource found in nature that is used to produce goods and services.

## 5.01 POBF KEY TERMS

<b>Noneconomic want</b>	Desires for things that can be obtained without spending money.
<b>Opportunity cost</b>	The benefit that is lost when you decide to use scarce resources for one purpose rather than for another.
<b>Place utility</b>	Usefulness created by making sure that goods or services are available at the place where they are needed or wanted by consumers.
<b>Possession utility</b>	Usefulness created when ownership of a product is transferred from the seller to the user.
<b>Price</b>	The amount of money paid for a good, service, or resource.
<b>Producer</b>	The people who make or provide goods and services.
<b>Production</b>	The economic process or activity of producing goods and services.
<b>Rationing</b>	A function of relative prices that determines who gets the goods and services produced; determining how scarce resources will be distributed.
<b>Relative prices</b>	One price compared to another; the ratio between two prices.
<b>Scarcity</b>	A condition resulting from the gap between unlimited wants for goods and services and limited resources.
<b>Seller's market</b>	The best time for producers to sell; characterized by large demand, small supply, and high prices.
<b>Services</b>	Intangible activities that are performed by other people for money; productive acts that satisfy economic wants.