

Unit 8
Supply and Demand Review

Part I (Vocabulary): Write the term being described in the space provided.

1. _____ a graph shows the amount of a product that would be supplied at all possible prices in the market
2. _____ a table that lists the various quantities of a good or service that the producer is willing to sell over a range of possible prices
3. _____ table that lists the various quantities of a product or service that someone is willing to buy over a range of possible prices
4. _____ the graph shows the amount of a product what would be bought at all possible prices in that market
5. _____ competing products; consumers can use one in place of another
6. _____ products are used together; if the demand for one moves so does the demand for the other good
7. _____ the amount by which the quantity demanded is higher than the quantity supplied
8. _____ the amount by which the quantity supplied is higher than the quantity demanded
9. _____ this occurs when supply and demand are balanced

Part II (Matching): Decide if the answer is **increase** or **decrease**.

What would happen to demand in each scenario?	What would happen to supply in each scenario?
1. _____ Vacations, when the cost of gas rises.	1. _____ Chinese food, when several restaurants are closing.
2. _____ Wal-mart, more people moving into the area.	2. _____ Baby formula, government subsidy decreasing.
3. _____ Purchasing power, you received a bonus.	3. _____ Chicken products, government relaxing rules.
4. _____ Wooden lead pencils, price increasing on mechanical ones.	4. _____ New machines added to factory.
5. _____ Basketball goal, there are plenty around.	
6. _____ Ice cream, winter is approaching.	
7. _____ Broccoli is said to increase performance in sports.	

Part III (Short Answer): Write the answer to the question in the space provided.

1. If demand refers to the consumer, what does supply refer to? _____
2. In which direction does the demand curve slope? _____ Why? _____
3. In which direction does the supply curve slope? _____ Why? _____
4. What do producers hope to make (it is what drives them to take the risk of owning a business)? _____
5. What principle of demand states that we as consumers get less enjoyment of a good the more we consume it? _____
6. If you are willing to purchase a good no matter its cost your demand is _____. If you are willing to put a purchase of because of the cost of a good your demand is _____. Be sure to give an example of each.
7. In a free market economy, what is the driving force shared by consumers and producers (it distributes goods and services)? _____
8. What is the struggle called that exists between consumers and producers to get the best goods at the lowest prices? _____
9. Is minimum wage a price floor or ceiling? _____
10. What would happen to price when supply increases and demand decreases? _____
11. If there is a surplus of a good what will suppliers have to do to the price of their good? _____
12. Label the chart below: supply, demand, shortage, surplus, equilibrium price, quantity, and price.

