

Name \_\_\_\_\_  
Mr. Wilson

Economics  
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## Demand, Supply, Equilibrium Study Guide

### TEST ON **!!!**

*Notes: Demand, Supply, Equilibrium*

Answer questions in **COMPLETE SENTENCES ON A SEPARATE SHEET OF PAPER! Due \_\_\_\_\_**. Counts as a **QUIZ GRADE!!!**

- 1) What are the 2 parts of the **Law of Demand**?
- 2) What are the 2 parts of the **Law of Supply**?
- 3) What is **Elasticity**?
- 4) If an item has **elastic demand**, when price changes a \_\_\_\_\_, the demand changes a \_\_\_\_\_. Give an example.
- 5) If an item has **inelastic demand**, when price changes a \_\_\_\_\_, the demand changes a \_\_\_\_\_. Give an example.
- 6) What determines the **Elasticity of supply** of an item?
- 7) If an item has **elastic supply**, when price changes a \_\_\_\_\_, the supply changes a \_\_\_\_\_. Give an example.
- 8) If an item has **inelastic supply**, when price changes a \_\_\_\_\_, the supply changes a \_\_\_\_\_. Give an example.
- 9) What is **Profit**?
- 10) What is **Equilibrium** price?
- 11) In a free market economy, prices always tend to move toward \_\_\_\_\_.
- 12) What is the **substitute effect** on demand?
- 13) What is the **complementary effect** on demand?
- 14) What is the **income effect** on demand?
- 15) What are the **3 non-price factors** that impact **supply**?
- 16) What is a **surplus**? What happens to prices during a surplus?
- 17) What is a **shortage**? What happens to prices during a shortage?
- 18) What is a **Price Floor**? Give an example of a price floor.
- 19) What is a **Price ceiling**? Give an example of a price ceiling.
- 20) What are the 3 reasons for a **change in Equilibrium**?
- 21) What are the **4 advantages of having prices**?
- 22) How does **Scarcity** effect **Demand? Supply? Equilibrium Price**?
- 23) How does a **Boycott** effect **Demand? Supply? Equilibrium Price**?
- 24) How does the **war in Afghanistan** effect **Demand? Supply? Equilibrium Price**?