

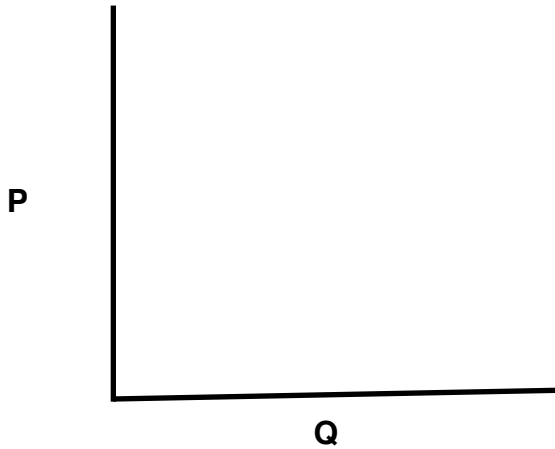
Unit 3: Supply and Demand Review

<u>Determinants of Demand</u>		<u>Determinants of Supply</u>	
In	Income	People	Price of Related Goods
Times Past	Tastes & Preferences	Will	Weather/Natural Disasters
Super	Substitute Goods	Get	Government
Cool	Complementary Goods	Together	Technology/Productivity
White	Weather	Every	Expectations
Beans	Number of Buyers	Cold	Cost of Inputs
Existed	Expectations	November	Number of Sellers

- 1) What is the definition of demand?
- 2) What is the Law of Demand?
- 3) What THREE things make demand slope downward?
- 4) What is the definition of supply?
- 5) What is the Law of Supply?
- 6) What is a price floor? Where would an effective price floor be on a supply and demand graph?
- 7) What is a price ceiling? Where would an effective price ceiling be on a graph?

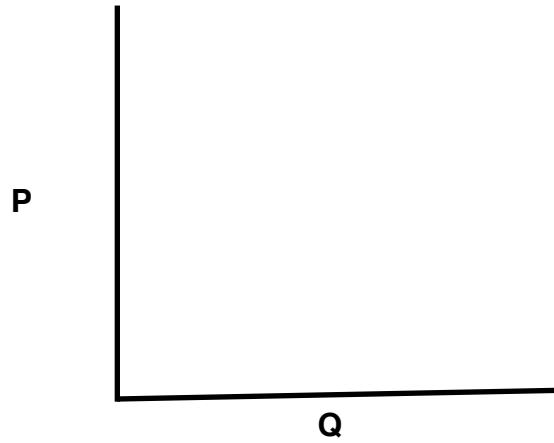
8) List an example of a good with **inelastic demand**. Draw an inelastic demand graph.

Example: _____



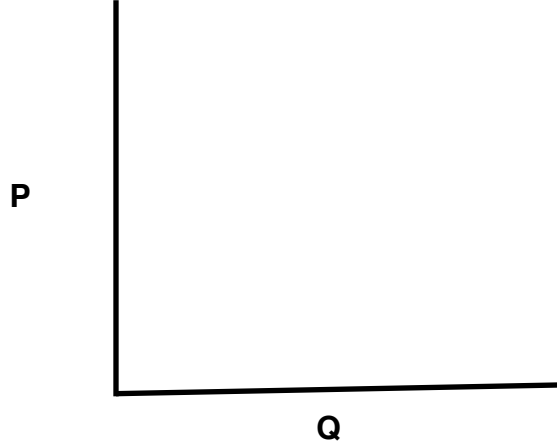
9) List an example of a good with **elastic demand**. Draw an elastic demand graph.

Example: _____



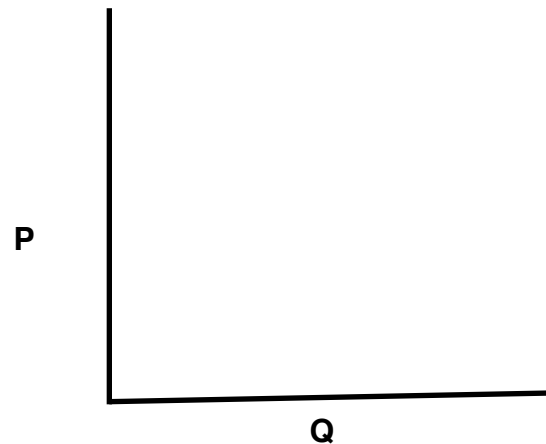
10) List an example of a good with **inelastic supply**. Draw an elastic supply graph.

Example: _____



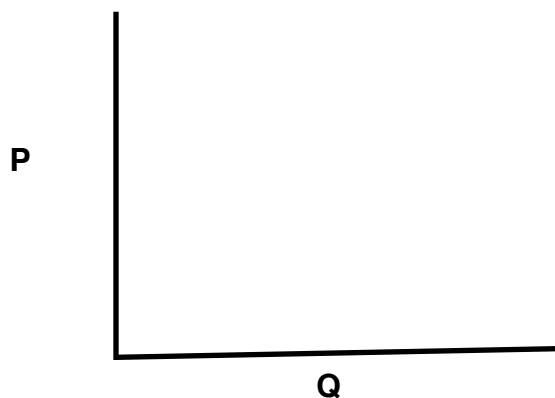
11) List an example of a good with **elastic supply**. Draw an elastic demand graph.

Example: _____

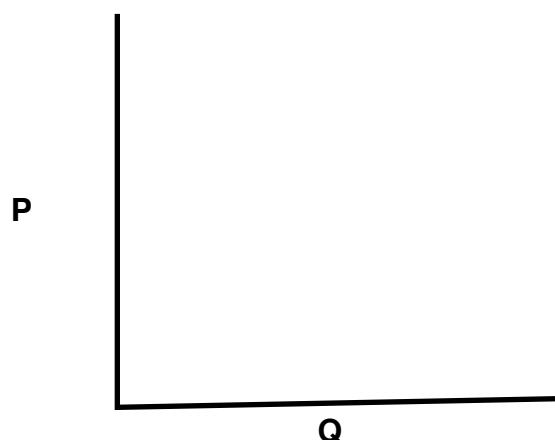


12) List an example of a good with **perfectly inelastic supply**. Draw a perfectly inelastic supply graph.

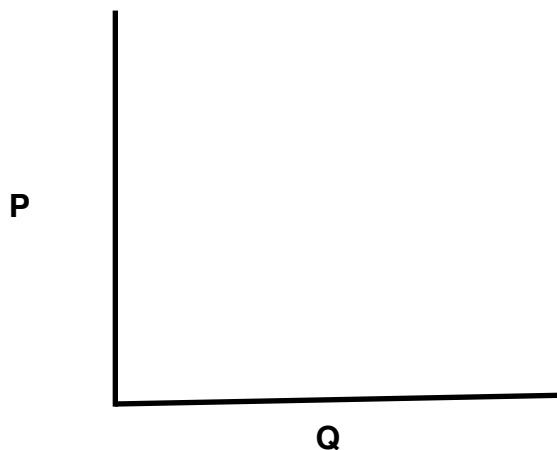
Example: _____



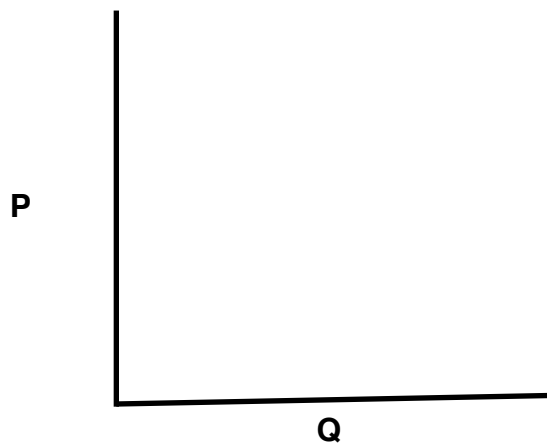
13) Draw a supply and demand graph. Label the market equilibrium price and equilibrium quantity.



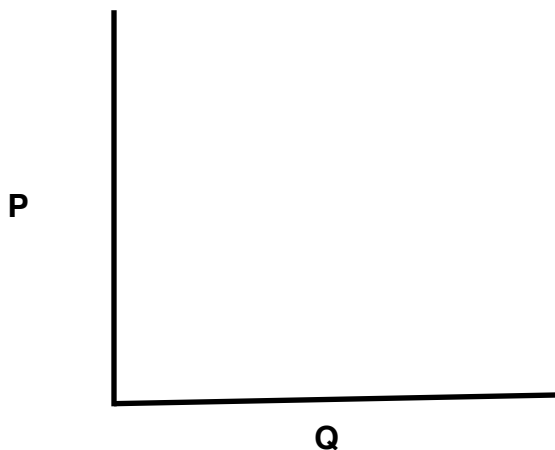
14) Draw a supply and demand graph with an **effective price ceiling**. Be sure to label equilibrium price and equilibrium quantity.



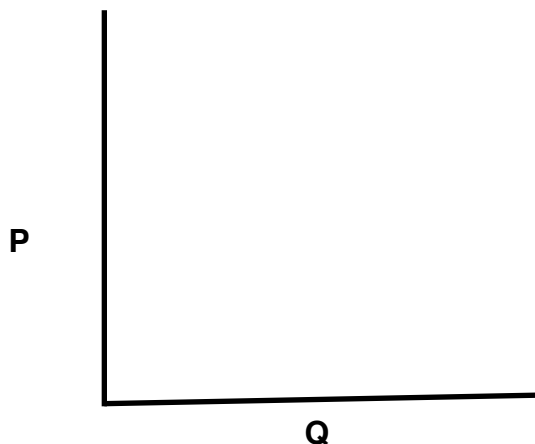
15) Draw a supply and demand graph with an **effective price floor**. Be sure to label equilibrium price and equilibrium quantity.



16) Draw a supply and demand graph that illustrates a **shortage**. Shade in the area that represents the shortage.



17) Draw a supply and demand graph that illustrates a **surplus**. Shade in the area that represents the surplus.



18) How are prices determined in a market economy?

19) What does elasticity measure?

20) The elasticity of demand/supply calculates the % change in qty demanded/supplied divided by the % change in price. Using this equation, the results would be:

- a. Elastic: ____ 1
- b. Inelastic: ____ 1
- c. Unitary Elastic: ____ 1