Supply and Demand of Toy Fads

Name: _____ **Date:** _____

Directions: Answer question #1. Select the best answer in questions #2 to #5.

1. Draw a supply and demand schedule and label the necessary parts. Be sure to properly label the locations of price quantity, supply, demand, equilibrium price, surplus and shortage.

2. Why does the supply line slope up and to the right?

a. As the price rises the quantity supplied by producers will fall.
b. As the price falls the quantity supplied by producers will rise.
c. As the price rises the quantity supplied by producers will rise.

3. Why does the demand line slope down and to the right?

a. As the price falls the quantity demanded by consumers will fall.
b. As the price rises the quantity demanded by consumers will fall.
c. As the price rises the quantity demanded by consumers will rise.

4. If the quantity supplied exceeds the quantity demanded then there is a _____ in the market.

a. Surplus
b. Shortage
c. Supply

5. If the quantity demanded exceeds the quantity supplied then there is a _____ in the market.

a. Supply
b. Shortage
c. Demand

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