

## Law of Demand Answer Key

Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Directions:** Chose the best answer for each question.

- The law of demand states that
  - as price increases, quantity demanded increases.
  - as price increases, quantity demanded decreases.*
  - price and quantity demanded do not affect each other.
- (*True*/False) According to the law of demand, price and quantity demanded move in the opposite direction.
- If the price of cell phones increases, then the quantity demanded of cell phones will \_\_\_\_\_. (all other things being equal)
  - increase
  - decrease*
  - stay the same
- If the price of ice cream decreases, then the quantity demanded of ice cream will \_\_\_\_\_. (all other things being equal)
  - increase*
  - decrease
  - stay the same
- Which graph shows a decrease in price and an increase in quantity demanded?  
(Note that changes in quantity demanded are shown as movements along the demand curve)

