

Law of Demand

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)

