



## Unit 4-6 Test Study Guide

**Be prepared for multiple choice and short answer questions.**

1. What is the Law of Supply?
2. What is the Law of Demand?
3. What is elasticity of demand? What does it mean for goods to be elastic or inelastic? How would you start to figure out if something is elastic or inelastic?
4. Give an example of the substitution effect.
5. What does the term marginal mean?
6. What is equilibrium?
7. What are the two outcomes of disequilibrium? What happens to price in both of these situations?
8. Explain price floors and price ceilings. Give examples of each.
9. Know the factors that shift supply and demand curves (and if they cause an increase or decrease).
10. Draw 4 supply and demand graphs. Show what happens when one curve shifts and the other stays the same. What is the effect on equilibrium price and quantity?

Label your curves correctly!!

Remember – increase = right, decrease = left!