

# CRITICAL THINKING 4

## MAKING PREDICTIONS ABOUT CONSUMER DEMAND

*Predicting future events is difficult, but the study of consumer demand makes predictions less risky.*

**Directions:** Use your knowledge of consumer demand to complete each prediction below. Circle the choice that you think an economist would approve.

1. A hair dye is successfully advertised in the media.  
**Prediction:** Its demand curve will shift (right, left, up, down).
2. People get tired of iPods™.  
**Prediction:** The demand curve for iPods™ will shift (right, left, up, down).
3. The price of butter goes up.  
**Prediction:** The demand for margarine will (increase, stay the same, decrease).
4. The prices of computers go down.  
**Prediction:** People will buy (more, the same amount of, less) software.
5. The price of insulin goes down.  
**Prediction:** Diabetics will use (more, the same amount, less).
6. The price of salt doubles.  
**Prediction:** Shoppers will buy (more, the same amount, less).
7. The price of new automobiles goes up.  
**Prediction:** The demand for used cars will (rise, remain the same, fall).
8. Strawberries are in season.  
**Prediction:** The demand for frozen strawberries will (rise, remain the same, fall).
9. The cost of casting materials triples.  
**Prediction:** A (smaller, similar, higher) ratio of patients with broken bones will get casts.
10. The price of beef falls.  
**Prediction:** People will buy (more, the same amount of, less) beef.