



- 11 According to the graph, equilibrium price and quantity are  
 a. \$7, 20                                      b. \$7, 60                                      c. \$5, 40
- 12 According to the graph, at a price of \$7,  
 a. there would be a shortage of 40 units.                                      b. there would be a surplus of 20 units.  
 c. there would be a surplus of 40 units.
- 13 When the price is higher than the equilibrium price,  
 a. a shortage will exist.  
 b. Buyers desire to purchase more than is produced.  
 c. Sellers desire to produce and sell more than buyers wish to produce
- 14 When there is a **shortage** in a market,  
 a. there is upward (increase) pressure on price.  
 b. there is a downward (decrease) pressure on price.  
 c. the market could still be in equilibrium.
- 15 When there is a **surplus** in a market,  
 a. there is upward (increase) pressure on price.  
 b. there is a downward (decrease) pressure on price.  
 c. the market could still be in equilibrium.
- 16 If the price of iPods drops, how will this affect the market for iTunes.com?  
 a. Supply will increase                      b. supply will decrease                      c. demand will increase                      d. demand will decrease
- 17 Gibraltar Trade Center allows 4 new vendors to sell purses. What will this do to the purse market in Gibraltar Trade Center?  
 a. Supply will increase                      b. supply will decrease                      c. demand will increase                      d. demand will decrease
- 18 If fewer babies are born in the next five years, how will this baby food market be affected?  
 a. Supply will increase                      b. supply will decrease                      c. demand will increase                      d. demand will decrease

#### Vocabulary Terms to Know:

Know the terms you were given at the beginning of this chapter.