

Name _____

Balancing Act: Market Equilibrium and the Dance of Supply and Demand

Multiple Choice Questions

1. What is market equilibrium?

- a) The state where the quantity supplied exceeds the quantity demanded.
- b) The state where the quantity supplied matches the quantity demanded.
- c) The state where demand is always higher than supply.
- d) The state where producers set prices regardless of demand.

2. How does supply change in response to higher prices?

- a) Supply decreases.
- b) Supply remains the same.
- c) Supply increases.
- d) Supply is not affected by prices.

3. What is equilibrium price?

- a) The highest possible price for a product.
- b) The lowest possible price for a product.
- c) The price at which quantity supplied equals quantity demanded.
- d) The price set by producers.

4. If demand for a product increases while supply remains the same, what is likely to happen to the price?

- a) The price will rise.
- b) The price will remain the same.
- c) The price will decrease.
- d) The price will become unpredictable.

5. What happens when supply exceeds demand in the market?

- a) Prices rise to encourage more demand.
- b) Prices fall to encourage more supply.
- c) Prices remain the same.
- d) Market equilibrium cannot be achieved.

