

Name \_\_\_\_\_

## The Price Puzzle: How Supply and Demand Make Things Cost More or Less

### Multiple Choice Questions

1. What is supply in economics?
  - a) The quantity of a product consumers are willing to buy
  - b) The quantity of a product available in the market
  - c) The cost of production
  - d) The number of consumers in the market
  
2. Which law states that as the price of a product rises, the quantity supplied increases?
  - a) The Law of Demand
  - b) The Law of Supply
  - c) The Law of Equilibrium
  - d) The Law of Elasticity
  
3. What does the Law of Demand tell us?
  - a) As the price of a product falls, the quantity demanded increases.
  - b) As the price of a product rises, the quantity demanded increases.
  - c) As supply decreases, demand increases.
  - d) As supply increases, demand decreases.
  
4. When supply exceeds demand, what is likely to happen to prices?
  - a) Prices rise
  - b) Prices remain stable
  - c) Prices drop
  - d) Prices are not affected
  
5. How can price elasticity affect the response of consumers to price changes?
  - a) It has no effect on consumer behavior
  - b) It causes consumers to buy more regardless of price changes
  - c) It can lead to small changes in demand for essential items but significant changes for luxury items.
  - d) It makes consumers completely insensitive to price changes.

