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**Unit 2 Study Guide**

1. What is a circular flow model?
2. What 2 types of markets are represented in the circular flow model?
3. What kind of income is received for each of the 4 resources?
4. What is a demand schedule?
5. What does the Law of Demand state?
6. What causes a change in quantity demanded?
7. Name 5 determinates that can cause the demand curve to shift. Explain each.
8. What is a supply schedule?
9. What does the Law of Supply state?
10. When the cost of inputs increases, supply will?
11. When productivity increases, supply will?
12. When taxes increase, supply will?
13. What is the relationship between price and quantity in Supply? in Demand?
14. Name 6 determinates that can cause the supply curve to shift. Explain each.
15. A high price is a signal for producers to do what and consumers to do what?
16. What is market equilibrium?
17. A surplus occurs when?
18. Define price ceiling and give an example.
19. Define price floor and give an example.
20. Draw and label a Demand Curve, Draw and label a Supply Curve
include a second curve indicating a include a second curve indicating an
decrease in Demand. increase in Supply.
21. Draw and label a Supply and Demand Curve, Draw and label a Supply and Demand Curve
include a shift of the Demand curve that include a shift of the Supply curve that
would cause the price to go up. would cause the price to go up.