

## Economics - Unit 3 Study Guide

### PART I: Circular Flow

1. Draw and label the circular flow model

### PART II: Supply & Demand

2) Draw a graph representing the law of demand.

3) Draw a demand graph which represents what happens due to a price **increase**

4) Draw a demand graph which represents what happens due to a price **decrease**

4) Draw a graph representing the law of supply.

5) Draw a supply graph which represents what happens due to a price **increase**

6) Draw a supply graph which represents what happens due to a price **decrease**

**List** the 6 factors that shift SUPPLY here.

7)

8)

9)

10)

11)

12)

**List** the five factors that shift DEMAND here.

13)

14)

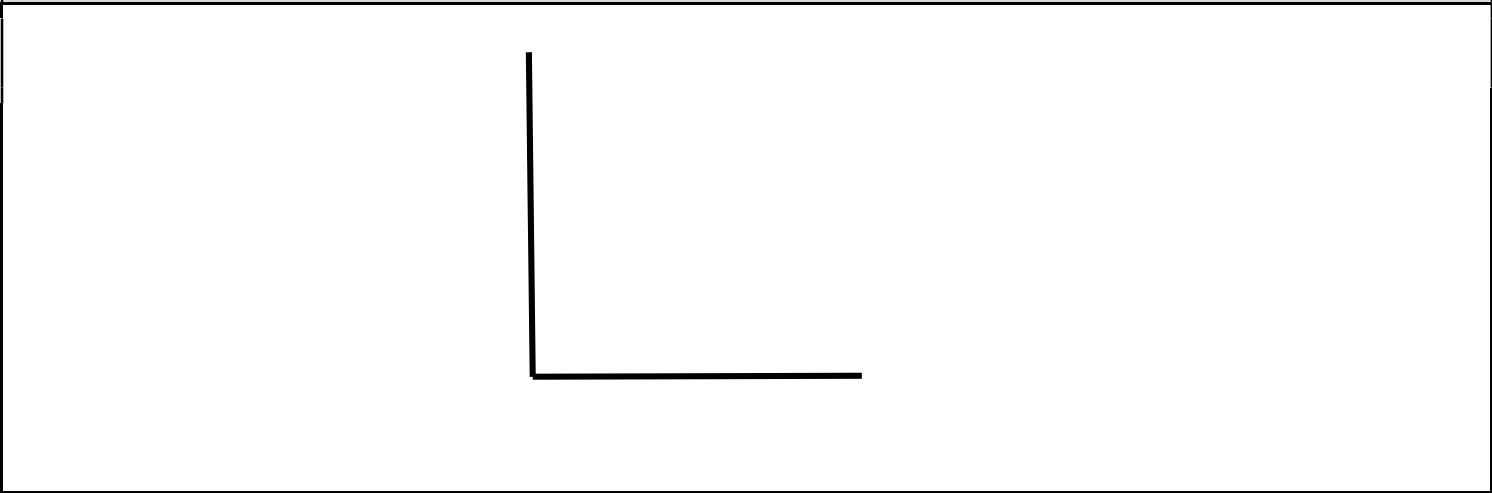
15)

16)

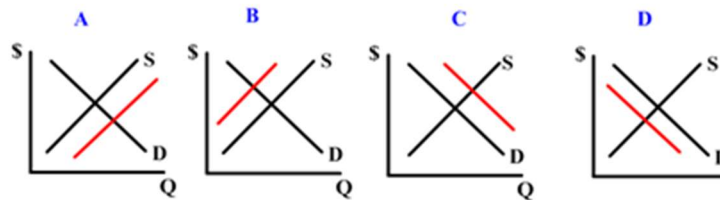
17)

**Draw and label a supply and demand graph here.**

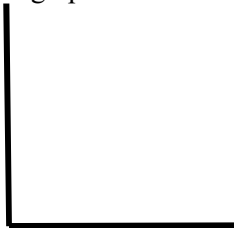
- 18) Label the x and y axis's correctly (price and quantity).
- 19) Label where the equilibrium price and quantity are located.
- 20) Label where you would find a surplus.
- 21) Label where you find a shortage.

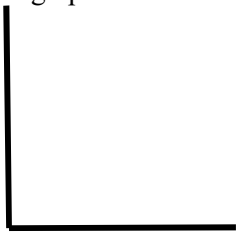


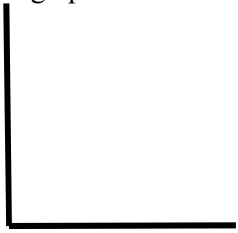
Match the following scenarios with the appropriate graph (A, B, C, or D). All questions are dealing with **PIZZA**.



- 22) The price of mozzarella cheese, an ingredient in pizza, rises. \_\_\_\_
- 23) The population of the U.S. has declined by 5%. \_\_\_\_
- 24) Sub sandwiches, a substitute for pizza, have decreased in price by \$1.50. \_\_\_\_
- 25) The number of pizzerias in Athens has risen. \_\_\_\_
- 26) The government starts a new tax on the pizza industry. \_\_\_\_
- 27) Pizza is found to cause diabetes. \_\_\_\_

Cause	Effect on Pumpkins	
A disease has killed majority of the nation's pumpkin crops.	28) Demand (circle one) Inc / Dec / No change 29) Supply (circle one) Inc / Dec / No change 30) Equilibrium price: Increase / Decrease 31) Equilibrium quantity: Increase / Decrease	32) Draw the graph and show the change: 

Cause	Effect on Pumpkins	
Pumpkin farmers know that waiting to sell their crops in October, instead of August, brings in more revenue. What occurred to the supply/demand for pumpkins in August?	33) Demand (circle one) Inc / Dec / No change 34) Supply (circle one) Inc / Dec / No change 35) Equilibrium price: Increase / Decrease 36) Equilibrium quantity: Increase / Decrease	37) Draw the graph and show the change: 

Cause	Effect on Pumpkins	
Pumpkin spiced lattes are all the rage due to celebrity endorsements and postings on Instagram.	38) Demand (circle one) Inc / Dec / No change 39) Supply (circle one) Inc / Dec / No change 40) Equilibrium price: Increase / Decrease 41) Equilibrium quantity: Increase / Decrease	42) Draw the graph and show the change: 

43) A price ceiling is a \_\_\_\_\_ legal price that is set by the government \_\_\_\_\_ equilibrium. This often causes a

\_\_\_\_\_.

44) A price floor is a \_\_\_\_\_ legal price that is set by the government \_\_\_\_\_ equilibrium. This often causes a

\_\_\_\_\_.