Principles of Microeconomics
Supply, Demand, and Market Equilibrium Quiz

Instructions:

- Answer all questions.
- For Questions 1–5, choose the best option.
- For Questions 6–8, mark True or False.
- For Questions 9–10, write detailed answers with graphs where appropriate.

1. If the price of a good increases and quantity demanded decreases, this illustrates:

(A) A shift in the demand curve

(B) A movement along the demand curve

(C) A shift in the supply curve

(D) Market disequilibrium

2. When two goods are substitutes, an increase in the price of one good will:

(A) Decrease demand for the other good

(B) Increase demand for the other good

(C) Have no effect on the other good

(D) Decrease supply of the other good

3. A price ceiling set below the equilibrium price will result in:

(A) A surplus

(B) A shortage

(C) No change in quantity

(D) Increased producer surplus

4. The price elasticity of demand measures:

(A) How much supply changes when price changes

(B) The responsiveness of quantity demanded to price changes

(C) The slope of the demand curve

(D) Consumer income levels

5. If demand is inelastic, a price increase will:

(A) Decrease total revenue

(B) Increase total revenue

(C) Leave total revenue unchanged

(D) Cause quantity demanded to fall to zero

6. An increase in consumer income will always shift the demand curve to the right. (True/False)

7. At the equilibrium price, the quantity supplied equals the quantity demanded. (True/False)

8. A technological improvement in production will shift the supply curve to the left. (True/False)

9. Explain the difference between a change in demand and a change in quantity demanded. Discuss at least three factors that cause the demand curve to shift, with real-world examples.

10. Using supply and demand analysis, explain the effects of a government-imposed minimum wage above the equilibrium wage. Discuss the potential benefits and drawbacks of this policy.