1. Write the definition for demand, draw the curve and state the law of demand.
2. Explain why quantity demanded of goods falls when the price increases?
3. Write the definition for supply, draw the curve and state the law of supply.
4. Using the appropriate curves, show and explain the effect of the following situations:
    a) Increase in price of rolls and the demand for bread.
    b) Decrease in the price of a particular product and its supply.
    c) Increase in the price of cars and the demand for tyres.
5. Define the following economic terms.
    a) inferior goods
    b) normal goods
    c) ceteris paribus
    d) extension of demand
    e) contraction of supply
    f) market equilibrium
    g) contraction of demand
    h) surplus
    i) shortage
    j) extension of supply
    k) contraction of supply
    l) necessities
    m) luxuries
    n) individual supply curve/market supply curve
    o) individual demand curve/market demand curve
    p) excess demand / excess supply
    q) complements
    r) substitutes
    s) durable goods / non-durable goods
6. Explain “state of technology” (costs of production ...) as a determinant of supply.
7. Explain “size of population” (price of related goods ...) as a determinant of supply.
8. List the determinants of demand.
9. What will cause an extension of supply / contraction of supply?
10. What will cause an extension of demand / contraction of demand?
11. List the determinants of supply.
12. Explain the difference between demand and quantity demanded.
13. A demand curve for a product is drawn on the assumption that all other things remain unchanged except____________________.
14. A measure of how responsive demand is to changes in people’s income is called _______________.
15. If the price of a substitute falls and the demand for another product rises we can measure this using _____________.
16. When D = S it is called ___________________________.
17. When D > S it is called_____________________________.
18. When D < S it is called ___________________________.
19. Two goods for which an increase in the price of one leads to an increase in the demand for the other ___________.
20. The quantity demanded in a market is the sum of _________________________.

21. An improvement in technology lowers the cost of producing coffee. At the same time, consumers switch their preferences away from tea towards coffee. We would expect the quantity traded of coffee to
    a) fall
    b) rise or fall depending on whether the price of coffee rises or falls
    c) remain the same
    d) rise)
22. The supply of canned peaches at a given price will shift inwards when there is
    a) a higher price for aluminum cans)
    b) an increase in the demand for fresh fruit
    c) an advertising campaign for canned peaches
    d) an increase in the demand for milk
23. Consider the price and demand for flower vases. The price of freshly cut flowers goes up sharply. Which of the following would be expecting to happen?
    a) there will be a movement along the demand curve for flower vases and price will go down
    b) the demand curve for flower vases will shift to the left and their price will fall)
    c) the demand curve for flower vases will shift to the left and their price will rise
    d) the demand curve for flower vases to will shift to the right and their price will rise
24. A tax on producers of alcoholic lemonade (other factors remaining equal) would cause
    a) an inward shift of demand
    b) an outward shift of demand
    c) an outward shift of supply
    d) an inward shift of supply)
25. A rise in the relative price of bus transport will lead to
    a) an expansion of supply of new cars)
    b) a fall in the demand for taxi services
    c) an expansion of new bus routes available for customers
    d) a fall in the demand for new cars
26. Which of the following would cause the demand curve for a good to shift to the left?
    a) a rise in the price of the good
    b) a decrease in the tax imposed by the government on the good
    c) an increase in the supply of the good
    d) a decrease in the price of a substitute good)
27. Which of the following would be expected to increase market demand for foreign holidays?
    a) a rise in mortgage interest rates
    b) a rise in consumers` income)
    c) a fall in consumer confidence
    d) a fall in the value of the exchange rate