

All About Prices Answer Key

Directions: Complete the Word Bank. Read each sentence, select a word from the Word Bank that correctly completes the sentence. Words may be used more than once, and some words may not be used at all.

Word Bank

goes up	goes down	substitute	shortage
incomes	quantity supplied	market clearing price	
equilibrium price	quantity demanded	surplus	

1. As price goes up, the quantity demanded *goes down*. As price goes down the quantity demanded *goes up*.
2. The *market clearing price or equilibrium price* is the price at which quantity demanded equals quantity supplied.
3. The *quantity supplied* is how much producers are willing and able to supply at a certain price.
4. As price *goes up*, quantity supplied goes up. As price *goes down*, quantity supplied goes down.
5. The amount buyers are willing and able to buy at a certain price is called *quantity demanded*.
6. When quantity demanded is greater than quantity supplied a *shortage* occurs.
7. A *surplus* occurs when the quantity demanded is less than the quantity supplied.