

Name That Demand Factor Answer Key

Part A:

Directions: Match the demand determinant with the correct definition.

Terms:

1. Income
2. Consumer Preference
3. Number of Buyers
4. Prices of Related Goods
5. Expectations of the Future

Definitions:

- a. What buyers would rather purchase; or goods and services that consumers would choose over the alternatives
- b. What consumers anticipate will happen
- c. Quantity of consumers demanding a good or service
- d. Money earned from working (like a salary or wage), investing, or selling goods and services
- e. Prices of goods associated with a particular product, like the price of a substitute or complement

Answers:

1. d.
2. a.
3. c.
4. e.
5. b.

Part B:

Directions: Each choice below describes a change in demand associated with a particular determinant. Place each one into the correct column.

Income	Consumer Preference	Number of Buyers	Prices of Related Goods	Future Expectations
4.	9.	1.	3.	10.
7.	6.	8.	5.	2.

Choices:

1. Demand for American cars increased, because American car companies began selling their products to consumers in more countries.
2. Present demand for goods and services decreased, because consumers expect lower salaries in the future.
3. Demand for tea rose, because the price of coffee increased.
4. Demand for most cars increased, because wages rose.
5. Demand for chicken decreased, because turkey became relatively less expensive.
6. Due to a recent health scare, demand for beef decreased.
7. Demand for electronics decreased, because people are earning less money from their investments.
8. Many people moved out of the country, resulting in a decrease in demand.
9. Demand for organic eggs increased, because more consumers prefer to eat organic products.
10. Present demand for housing increased, in anticipation of higher housing prices.

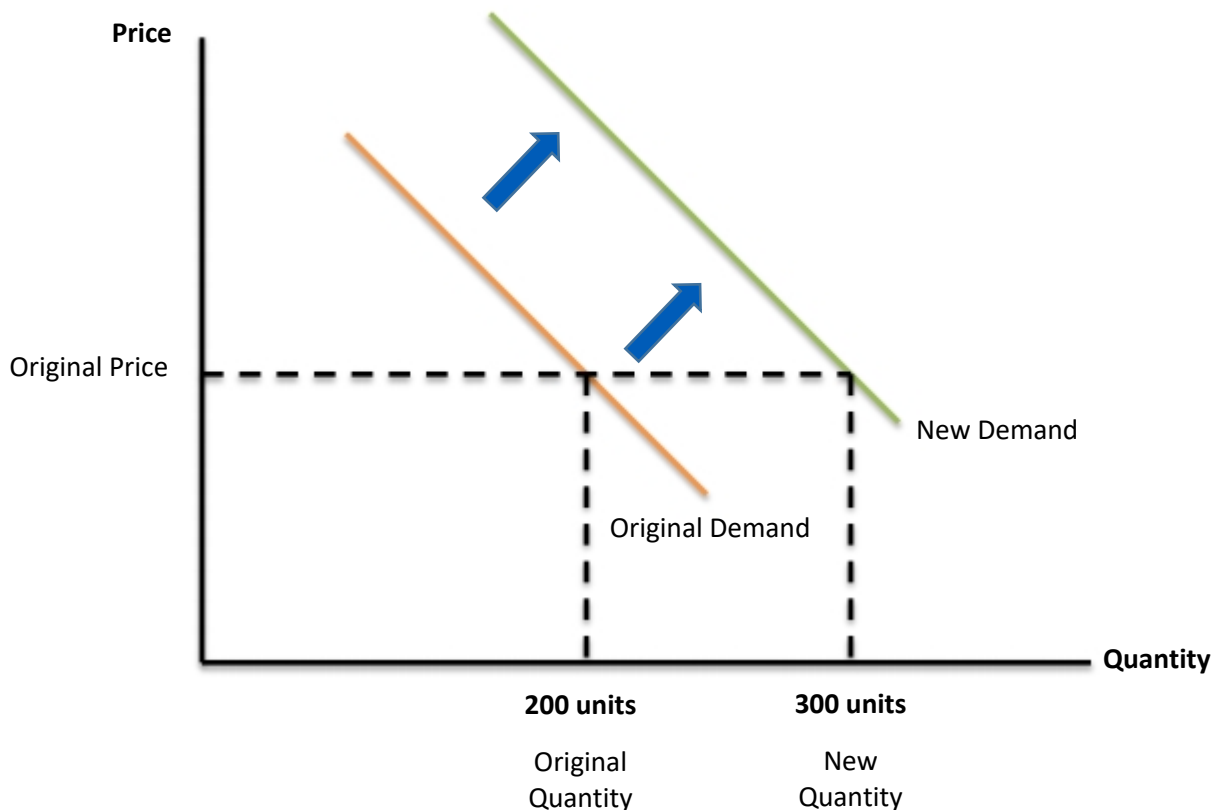
Part C:

Directions: Answer the following questions.

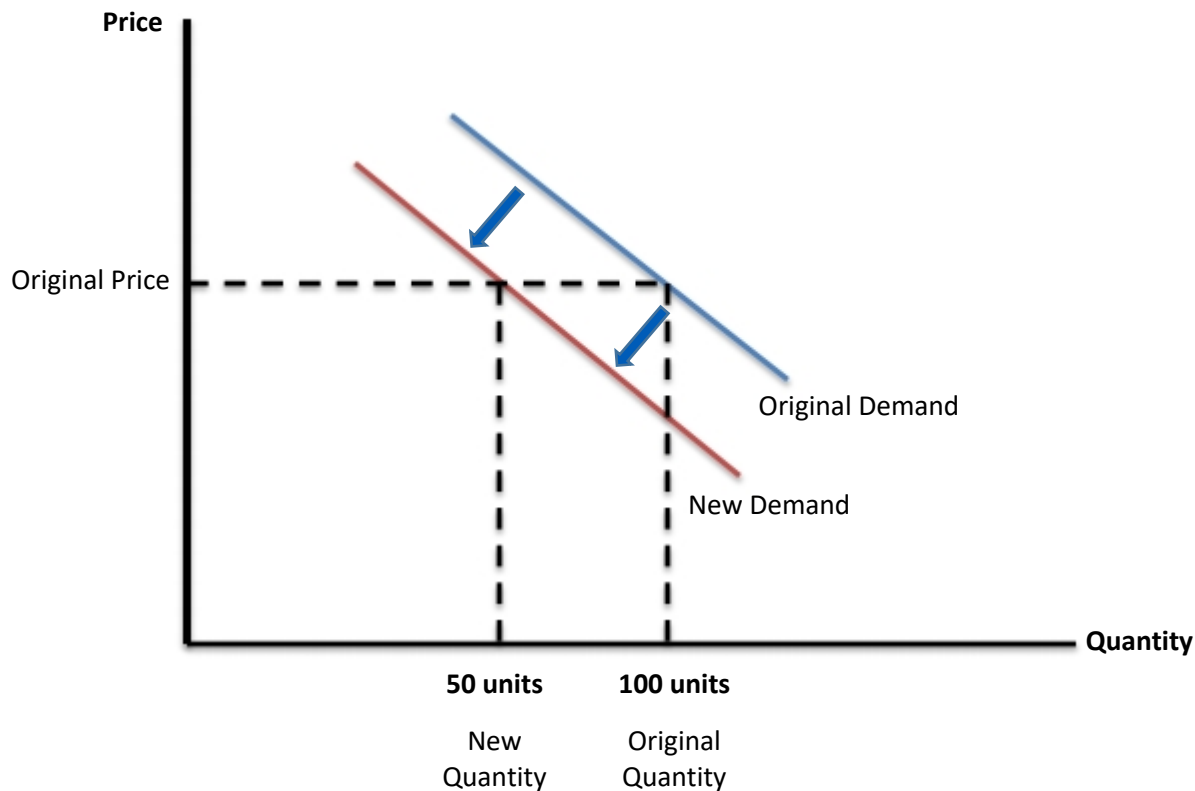
1. When demand increases, the demand curve
 - a. *shifts to the right.*
 - b. shifts to the left.
 - c. does not change.
2. When demand decreases, the demand curve
 - a. shifts to the right.
 - b. *shifts to the left.*
 - c. does not change.
3. (*True*/False) An increase in demand means that quantity demanded is higher at each price level.
4. (*True*/False) A decrease in demand means that quantity demanded is lower at each price level.

For questions 5-9, please refer to the graphs below. The questions describe changes in demand. After reading each question, decide whether there is an increase or decrease in demand. Then, select the graph that illustrates this change. Circle either A or B to answer the question.

A. Shift in the Demand Curve



B. Shift in the Demand Curve



5. An increase in population increases the demand for food. Which graph depicts the new demand for food (A or B)? *A*
6. The price of hotdogs increases. Which graph shows the new demand for hotdog buns (A or B)? *B*
7. Which graph shows the new demand for normal goods when salaries increase (A or B)? *A*
8. Demand for a certain shoe increases after a celebrity is seen wearing them. Which graph shows the new demand curve for these shoes (A or B)? *A*
9. The price of air travel is expected to decrease in the future. Which graph shows the new demand for airplane tickets in the present (A or B)? *B*
10. (True/*False*) Changes in demand are shown as movements along the demand curve.