NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ PERIOD: \_\_\_\_\_\_\_\_ DATE: \_\_\_\_\_\_\_\_\_\_\_\_

**CHAPTER 5 STUDY GUIDE “DEMAND”**

**DIRECTIONS**: Use your textbook to answer to complete the statements below. Place your answers in the space provided on this study guide.

1. Producers determine how much of an item to produce and supply based on the cost of producing it and consumer

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the item.

2. Supply elasticity is measured by how the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ supplied responds to a change in price.

3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ supply occurs when a change in price causes a proportionally small change in quantity supplied.

4. The supply elasticity for a product depends on how quickly producers can adjust \_\_\_\_\_\_\_\_\_\_\_\_\_ to new prices.

5. The production period that measures fixed inputs such as the amount of machinery or technology used is called the

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ production period.

6. Labor is considered a variable input because in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ it can be changed.

7. The extra product made from the addition of more \_\_\_\_\_\_\_\_\_\_\_\_\_ is called marginal product.

8. The extra cost of producing one more unit of output is called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cost.

9. Marginal revenue is the extra \_\_\_\_\_\_\_\_\_\_\_\_a firm receives from producing and selling one more unit of output.

10. A firm’s profit-maximizing quantity of output is the level of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ where marginal cost is equal to marginal revenue.

11. The most important useful measure of cost is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

12. The level of production that generates just enough revenue to cover its total operating costs is called the

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

13. Because it takes huge amounts of capital and technology to increase nuclear power output, the supply curve for nuclear

power is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

14. Factors that can cause a change in supply include, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

15. A supply schedule lists various quantities of a specific product with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Define the terms below:**

1. average revenue
2. change in supply
3. e-commerce
4. Law of Supply
5. marginal cost
6. production function
7. quantity supplied
8. subsidy
9. supply schedule
10. total product
11. break-even point
12. diminishing marginal returns
13. fixed costs
14. long run
15. market supply curve
16. profit-maximizing quantity of output
17. short run
18. supply
19. total cost