

## How Prices Are Set

**Directions** Circle the letter of the answer that correctly completes each sentence. Use the graph to answer questions 4 and 5.

1. Both buyers and sellers agree on the \_\_\_\_\_.  
**A** equilibrium price  
**B** surplus  
**C** shortage  
**D** minimum wage
2. The equilibrium \_\_\_\_\_ is the place on a graph at which the quantity demanded equals the quantity supplied.  
**A** price  
**B** supply  
**C** point  
**D** demand
3. When the price is higher than the equilibrium point, there is a \_\_\_\_\_.  
**A** shortage  
**B** surplus  
**C** price ceiling  
**D** price floor
4. According to the graph at the right, \_\_\_\_\_ people will buy the video game for \$30.  
**A** 15  
**B** 20  
**C** 25  
**D** 30
5. According to the graph at the right, producers will sell \_\_\_\_\_ video games for \$40.  
**A** 10  
**B** 18  
**C** 24  
**D** 28
6. Prices rise when there is a \_\_\_\_\_.  
**A** surplus  
**B** price ceiling  
**C** supply  
**D** shortage
7. \_\_\_\_\_ set a maximum price for goods and services.  
**A** Price ceilings  
**B** Price floors  
**C** Equilibrium points  
**D** Surpluses
8. \_\_\_\_\_ set the minimum wage to tell employers the lowest wage they can pay.  
**A** Governments  
**B** Buyers  
**C** Sellers  
**D** Workers

**Supply and Demand Curves  
for a Video Game**

