

The second FiFo test will be similar in many aspects to our first one. You can expect some combination of multiple choice, true/false and matching questions, as well as several short essay questions and problems. The emphasis once again will be on the application of concepts that we covered in class discussions, worksheets, activities, and group projects. You should feel comfortable with ALL of the concepts listed below.

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### Competitive Markets

- Market Economy (competition)
- Supply and Demand Forces (how this works in a market economy)
- Prices (how they act as signals to consumers)
- How Markets Allocate Resources

### Demand

- Demand (know price-quantity relationship)
- Demand Schedule (know how to read and graph it)
- Demand Graph (know what it looks like and how to draw and label)
- Shifts (of the curve) vs. Movements (along the curve) (know the difference)
- Determinants of Demand ... What Shifts the Demand Curve (know them)

### Supply

- Supply (know price-quantity relationship)
- Supply Schedule (know how to read and graph it)
- Supply Graph (know what it looks like and how to draw and label)
- Shifts (of the curve) vs. Movements (along the curve) (know the difference)
- Determinants of Supply ... What Shifts the Supply Curve (know them)

### Equilibrium

- Equilibrium Prices & Quantities
- Tendency of Markets (toward equilibrium)
- Interrelated Markets (changes in one market can impact other markets)

\*\*\* EXPECT A PROBLEM WITH 4 INTERRELATED MARKETS \*\*\*

### Price Ceilings and Floors

- Ceilings and Floors; Surpluses and Shortages

### Elasticity

- Elastic vs. Inelastic Demand and Supply (know what the curves look like)
- Factors Affecting Elasticity of Demand and Supply

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### **EXTRA CREDIT**

**Get 25 points extra credit if you turn in written definitions for these terms before the test!**