

EPF SUPPLY AND DEMAND BASICS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the primary variable influencing buyer and seller behavior in a market?**
 - A. Quantity
 - B. Quality
 - C. Price
 - D. Demand
- 2. What does a demand curve represent?**
 - A. A representation of how costs change with production levels.
 - B. A graphical depiction of the relationship between price and quantity supplied.
 - C. A graphical representation showing the relationship between price and quantity demanded.
 - D. A visual guide for consumer preferences over time.
- 3. What effect does a decrease in the price of complements have on demand?**
 - A. It increases demand for the related good
 - B. It decreases demand for the related good
 - C. It has no effect on demand
 - D. It causes a complete shift in supply
- 4. What is the likely outcome of a positive economic outlook on demand?**
 - A. It typically leads to a decrease in demand
 - B. It usually results in increased consumer confidence and spending
 - C. It has no significant impact on demand
 - D. It results in price increases without affecting demand
- 5. Which of the following can cause a shift in the supply curve?**
 - A. Consumer preferences.
 - B. Production costs.
 - C. Market price changes.
 - D. Population growth.

- 6. What does a shift of the demand curve represent?**
- A. Change in price
 - B. Change in demand or change in supply
 - C. Market equilibrium
 - D. Surplus
- 7. What do we call the income that remains after expenses are subtracted from gross income?**
- A. Financial
 - B. Net
 - C. Revenue
 - D. Profit
- 8. What is a complete ban on trade with a specific country referred to as?**
- A. Trade Block
 - B. Embargo
 - C. Sanction
 - D. Quarantine
- 9. Which concept involves multiple corporations working together to influence market prices?**
- A. Conglomerates
 - B. Trusts
 - C. Monopolies
 - D. Alliance
- 10. What is the principal benefit of subsidies to businesses?**
- A. Increased tax burden
 - B. Financial support for growth
 - C. Market monopolization
 - D. Regulation enforcement

Answers

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1. C
2. C
3. A
4. B
5. B
6. B
7. B
8. B
9. B
10. B

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Explanations

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1. What is the primary variable influencing buyer and seller behavior in a market?

- A. Quantity
- B. Quality
- C. Price**
- D. Demand

The primary variable influencing buyer and seller behavior in a market is price. Price serves as the main signal in a market economy, determining how much of a good or service will be bought and sold. When the price of a product rises, buyers typically purchase less of it due to the higher cost compared to their budget or other alternatives, while sellers are incentivized to supply more of it to take advantage of the higher prices. Conversely, a lower price generally leads to increased demand from buyers, as the product becomes more affordable, while sellers may reduce the quantity supplied because their profit margins might shrink. This interaction between price, supply, and demand creates the market equilibrium, where the amount consumers are willing to buy matches the amount producers are willing to sell. Demand, quality, and quantity are indeed important in understanding market dynamics, but they operate in relation to price. For example, demand reflects how much of a good consumers want at a certain price level, and quality can affect how much consumers are willing to pay. However, price is the fundamental variable that directly impacts both the decision-making processes of buyers and sellers.

2. What does a demand curve represent?

- A. A representation of how costs change with production levels.
- B. A graphical depiction of the relationship between price and quantity supplied.
- C. A graphical representation showing the relationship between price and quantity demanded.**
- D. A visual guide for consumer preferences over time.

A demand curve graphically illustrates the relationship between the price of a good or service and the quantity that consumers are willing and able to purchase at various price levels. This relationship is typically inverted, meaning that as prices decrease, the quantity demanded tends to increase, and vice versa. The downward slope of the demand curve reflects the law of demand, which posits that there is an inverse relationship between price and quantity demanded. This depiction is crucial for understanding consumer behavior in market economics, providing insights into how changes in prices can impact consumer purchasing decisions and overall market demand.

3. What effect does a decrease in the price of complements have on demand?

- A. It increases demand for the related good**
- B. It decreases demand for the related good
- C. It has no effect on demand
- D. It causes a complete shift in supply

A decrease in the price of complements leads to an increase in demand for the related good because complementary goods are products that are often consumed together. When the price of one complement decreases, it becomes more affordable for consumers. This encourages them to buy more of that complement. As a result, the demand for the paired good also rises since consumers are likely to purchase both items together. For example, if the price of printers decreases, the demand for printer ink may increase because consumers are more willing to purchase a printer, knowing that the ongoing cost of ink is lower. Thus, a reduction in the price of one complements increases the attractiveness of the related product and results in higher overall demand.

4. What is the likely outcome of a positive economic outlook on demand?

- A. It typically leads to a decrease in demand
- B. It usually results in increased consumer confidence and spending**
- C. It has no significant impact on demand
- D. It results in price increases without affecting demand

A positive economic outlook tends to increase consumer confidence, as people feel more secure about their jobs and financial situations. This enhanced confidence leads consumers to be more willing to spend money on goods and services. When consumers are optimistic about their futures, they are likely to increase their expenditures, which directly translates into higher demand for various products and services. Businesses, responding to this increased demand, may also be more inclined to invest in production, further fueling the economy. In contrast, the other alternatives do not accurately reflect the relationship between a positive economic outlook and demand. A decrease in demand would contradict the fundamental principles of consumer behavior associated with confidence. Similarly, stating that there is no significant impact on demand overlooks the essential connection between consumer sentiment and purchasing patterns. Finally, the notion that price increases occur without affecting demand fails to consider that consumer confidence typically leads to increased buying activity, which can influence both demand levels and market prices.

5. Which of the following can cause a shift in the supply curve?

- A. Consumer preferences.
- B. Production costs.**
- C. Market price changes.
- D. Population growth.

The supply curve represents the relationship between the quantity of a good that producers are willing to supply and the price of that good. A shift in the supply curve indicates that at every price level, the quantity supplied has changed due to various factors. Production costs play a crucial role in determining the supply of goods. When production costs decrease (for example, due to cheaper raw materials or improved technology), producers are able and willing to supply more at each price level, causing the supply curve to shift to the right. Conversely, if production costs increase, the supply may decrease, resulting in a leftward shift of the supply curve. This illustrates how changes in the costs associated with producing goods directly impact the overall supply available in the market. Other factors influencing the supply curve include shifts in consumer preferences, population growth, or fluctuations in market prices. While these factors can affect demand or market dynamics, they do not directly cause the supply curve itself to shift in the way that alterations in production costs do. Understanding the relationship between production costs and supply is key to grasping the fundamental principles of supply and demand.

6. What does a shift of the demand curve represent?

- A. Change in price
- B. Change in demand or change in supply**
- C. Market equilibrium
- D. Surplus

A shift of the demand curve represents a change in demand, which occurs when factors other than the price of the good itself influence the overall desire for that product. These factors could include changes in consumer preferences, income levels, the prices of related goods (substitutes and complements), or future expectations regarding prices. When the demand curve shifts to the right, it indicates an increase in demand at all price levels, meaning consumers are willing to buy more of the good based on these other influences. Conversely, a shift to the left suggests a decrease in demand, demonstrating that consumers are less likely to purchase the good at the previous price levels. This distinction is crucial, as it highlights that changes in demand are not simply a response to price changes, but rather to external factors that affect consumer behavior. In contrast, other options closely relate to broader market dynamics. Market equilibrium is concerned with the point where supply equals demand, while surplus refers to a situation where supply exceeds demand at a given price. Therefore, the correct choice accurately captures the essence of what a shift in the demand curve signifies within the context of supply and demand theory.

7. What do we call the income that remains after expenses are subtracted from gross income?

- A. Financial
- B. Net**
- C. Revenue
- D. Profit

The income that remains after expenses are subtracted from gross income is referred to as "net" income. This term reflects the amount that an individual or business actually retains after accounting for all costs, taxes, and other expenses. Understanding this concept is essential because it gives a clearer picture of financial health, showcasing the actual earning capacity rather than just the total revenue generated. Gross income represents the total earnings before any deductions; therefore, when expenses are taken into consideration, what remains is identified as net income. This figure is crucial for assessing profitability and is often used in financial statements to evaluate overall performance. In contrast, while terms like "revenue" and "profit" are related, they do not specifically refer to the income left after expenses in the same direct way that "net" does.

8. What is a complete ban on trade with a specific country referred to as?

- A. Trade Block
- B. Embargo**
- C. Sanction
- D. Quarantine

A complete ban on trade with a specific country is referred to as an embargo. An embargo is a government-imposed restriction that halts all forms of trade and commerce with another nation. This can be enacted for various reasons, including political disputes, national security concerns, or to exert economic pressure on a country to change its policies. Embargoes can significantly impact the economies of both the imposing country and the targeted nation by limiting access to goods, services, and financial resources. While other terms like sanctions and trade blocks can also involve restrictions on trade, they do not specifically denote a complete ban. Sanctions often refer to broader measures that may allow for some trade but impose penalties or restrictions, while trade blocks usually pertain to agreements between multiple countries to facilitate trade among themselves, rather than a complete cessation with a specific country. Quarantine, in turn, refers to isolating goods or individuals to prevent the spread of disease, and is not directly related to trade restrictions. Thus, the term "embargo" accurately captures the meaning of a total trade ban.

9. Which concept involves multiple corporations working together to influence market prices?

- A. Conglomerates
- B. Trusts**
- C. Monopolies
- D. Alliance

The concept of trusts involves multiple corporations collaborating to exert control over a market, often by influencing prices and limiting competition. Trusts typically emerge when firms in the same industry agree to coordinate their policies to create a more favorable market environment for themselves. This collaboration can take various forms, such as setting higher prices or eliminating competition through various means, like mergers. Trusts were particularly prominent in the late 19th and early 20th centuries when industries were rapidly consolidating, and they often resulted in the creation of significant market power that could adversely affect consumers. This arrangement contrasts with conglomerates, which refer to a single corporation operating in multiple industries, and monopolies, where one corporation controls the entire supply of a product or service without competition. Alliances, on the other hand, might imply a partnership or cooperation between companies, but do not necessarily focus on influencing market prices as trusts do.

10. What is the principal benefit of subsidies to businesses?

- A. Increased tax burden
- B. Financial support for growth**
- C. Market monopolization
- D. Regulation enforcement

Subsidies to businesses primarily provide financial support, enabling them to reduce operational costs, invest in growth, and enhance competitiveness. By receiving these funds from the government, businesses can lower prices for consumers, stimulate demand for their products, and potentially increase their market share. This financial support can lead to expansion, job creation, and innovation, ultimately benefiting the economy as a whole. The impact of subsidies is often seen in sectors that require significant investment or are strategically important to the country, such as renewable energy or agriculture. With enhanced financial resources, businesses are more capable of undertaking projects that they might not have otherwise been able to afford, fostering an environment conducive to growth and development.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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