AP MICROECONOMICS

Complete Exam Prep Bundle

- 6 Unit Concept Summaries with Key Terms & Formulas
- 150 Multiple-Choice Practice Questions with Answer Key
- 10 Free-Response Question Prompts with Scoring Guides
- 25 Graphing Drill Sheets with Completed Answer Key
- Exam-Day Strategy Guide
- AP Score Interpretation Chart

2025 Edition | Aligned to AP Course Framework

UM Printables

TABLE OF CONTENTS

SECTION 1: UNIT CONCEPT SUMMARIES

Each unit summary covers the key concepts, definitions, formulas, and relationships you need to master for the AP Microeconomics exam. Use these as a quick-reference guide alongside your class notes and textbook.

UNIT 1: Basic Economic Concepts

Exam Weight: approximately 12-15% | 8-12 multiple-choice questions

1.1 Scarcity and Opportunity Cost

Scarcity is the fundamental economic problem: unlimited wants exceed limited resources. Because resources are scarce, every choice involves an opportunity cost—the value of the next best alternative forgone when a decision is made.

Scarcity	Unlimited wants exceed the limited resources available to fulfill them.
Opportunity Cost	The value of the next best alternative given up when a choice is made. The opportunity cost of any choice is only the single best alternative, not the sum of all alternatives.
Free Good	A good that is not scarce; available in quantities sufficient to satisfy all wants at a price of zero.
Economic Good	A good that is scarce and therefore carries an opportunity cost to obtain.

PRO TIP: On the AP exam, opportunity cost questions are very common. Remember: opportunity cost is always the value of the **next best** alternative, not all alternatives combined. If you can study or sleep or watch TV, and you choose to study, the opportunity cost is only whichever of sleeping or TV you valued more—not both.

1.2 The Production Possibilities Curve (PPC)

The PPC (also called the PPF—Production Possibilities Frontier) illustrates the maximum combinations of two goods an economy can produce given its available resources and technology. Points on the curve are efficient; points inside are inefficient (resources are unemployed or misallocated); points outside are unattainable given current resources.

Bowed-Out PPC	Reflects increasing opportunity costs. As production of one good increases, larger and larger amounts of the other good must be sacrificed because resources are not perfectly adaptable.

SECTION 2: MULTIPLE-CHOICE PRACTICE QUESTIONS

Directions: Each of the following questions or incomplete statements is followed by five suggested answers or completions. Select the one that is best in each case. Allow approximately 2 minutes per question to simulate exam conditions.

Unit 1: Basic Economic Concepts (Questions 1-25)

1. The fundamental economic problem facing all societies is:

A) The existence of unemployment
B) Scarcity, which requires societies to make choices
C) How to achieve equitable distribution of income
D) The existence of inflation
E) How to maximize corporate profits

2. The opportunity cost of a new public high school building is:

A) The cost of hiring new teachers for the school
B) The tax revenue used to pay for the building
C) The other goods and services that must be sacrificed to build the school
D) The cost of the construction materials
E) Zero, because public education is a public good

3. A production possibilities curve that is bowed outward (concave to the origin) indicates:

A) Constant opportunity costs
B) Decreasing opportunity costs
C) Increasing opportunity costs
D) Zero opportunity costs
E) An inefficient allocation of resources

4. Which of the following would cause a nation's production possibilities curve to shift outward?

A) An increase in the unemployment rate
B) A decrease in the unemployment rate
C) An increase in the price level
D) A technological improvement in the production of one good
E) A decrease in the labor force

5. Country A can produce either 10 bushels of wheat or 5 yards of cloth. Country B can produce either 6 bushels of wheat or 4 yards of cloth. Which of the following is true?

A) Country A has a comparative advantage in producing cloth.
B) Country A has an absolute advantage in producing both goods.
C) Country B has a comparative advantage in producing wheat.
D) Country B has an absolute advantage in producing cloth.
E) Mutually beneficial trade is impossible between the two countries.

SECTION 3: FREE-RESPONSE PRACTICE

Directions: You have 10 minutes to answer each of the following questions. You should spend approximately half your time on the first question and divide the remaining time equally between the next two questions. Include correctly labeled diagrams and fully explain your calculations to earn full credit.

FRQ 1: Supply, Demand, and Price Controls (5 Points)

The market for widgets is perfectly competitive. The demand for widgets is given by the equation $Q_d = 60 - 2P$, and the supply is given by the equation $Q_s = 10 + 3P$, where P is the price in dollars and Q is the quantity in thousands.

(a) Calculate the equilibrium price and quantity.

(b) The government imposes a price floor of $12. Will this result in a shortage, a surplus, or neither? Calculate the size of the shortage or surplus.

(c) Calculate the consumer surplus at the market equilibrium before the price floor.

(d) Draw a correctly labeled graph showing the market for widgets, the price floor of $12, and the area of deadweight loss.

SCORING GUIDE

[1 Point] Equilibrium price = $10 and equilibrium quantity = 40 units. (Calculation: 60 - 2P = 10 + 3P $\rightarrow$ 50 = 5P $\rightarrow$ P = 10. Q = 60 - 2(10) = 40.)

[1 Point] A surplus of 10 units will result. (Calculation: Qd at $12 = 60 - 2(12) = 36. Qs at $12 = 10 + 3(12) = 46. Surplus = Qs - Qd = 46 - 36 = 10.)

[1 Point] Consumer surplus is $400. (Calculation: Y-intercept of demand curve is $30 (when Qd=0). CS = 0.5 × Base × Height = 0.5 × 40 × (30 - 10) = 400.)

[1 Point] One point is earned for a correctly labeled graph with a downward-sloping demand curve and upward-sloping supply curve, showing the equilibrium price ($10) and quantity (40).

[1 Point] One point is earned for showing the price floor at $12, the quantity demanded (36) and quantity supplied (46) at that floor, and correctly shading the area of deadweight loss (the triangle between Q=36 and Q=40 bounded by the supply and demand curves).

SECTION 4: GRAPHING DRILLS (25 GRAPHS)

The AP Microeconomics exam heavily tests your ability to draw, label, and manipulate graphs. Use these blank graph templates to practice. Follow the specific instructions for each prompt, ensuring you label all axes, curves, equilibrium points, and shaded areas correctly. An answer key describing the correct graphical representation is provided at the end of the section.

Unit 1 & 2: Basic Concepts, Supply, and Demand

Graphing Drill 1: Production Possibilities Curve

• Draw a PPC demonstrating increasing opportunity cost.

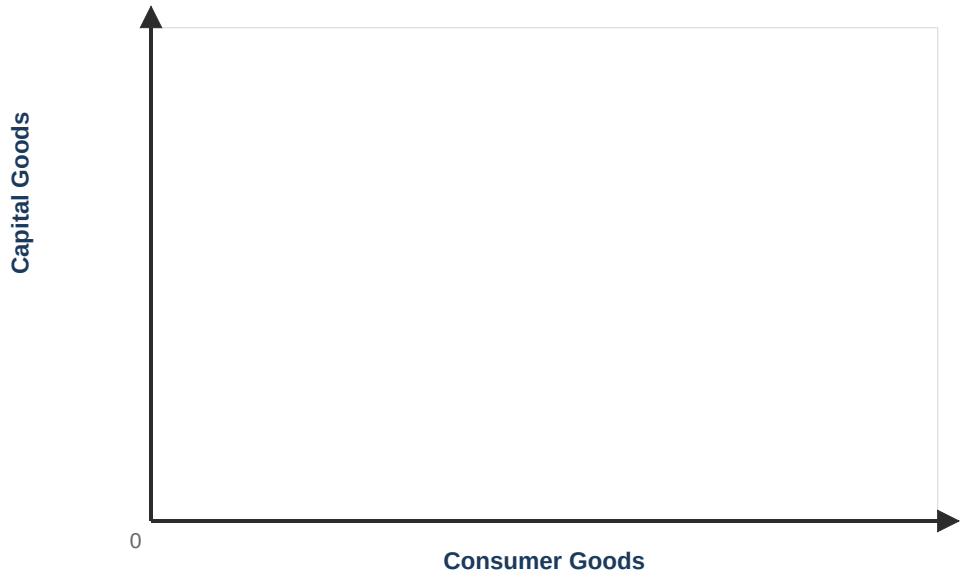
• Label a point 'A' on the curve (efficient).

• Label a point 'B' inside the curve (inefficient).

• Label a point 'C' outside the curve (unattainable).

• Show the impact of a technological advancement in capital goods (shift the PPC).

Production Possibilities Curve



Graphing Drill 2: Market Equilibrium & Surplus

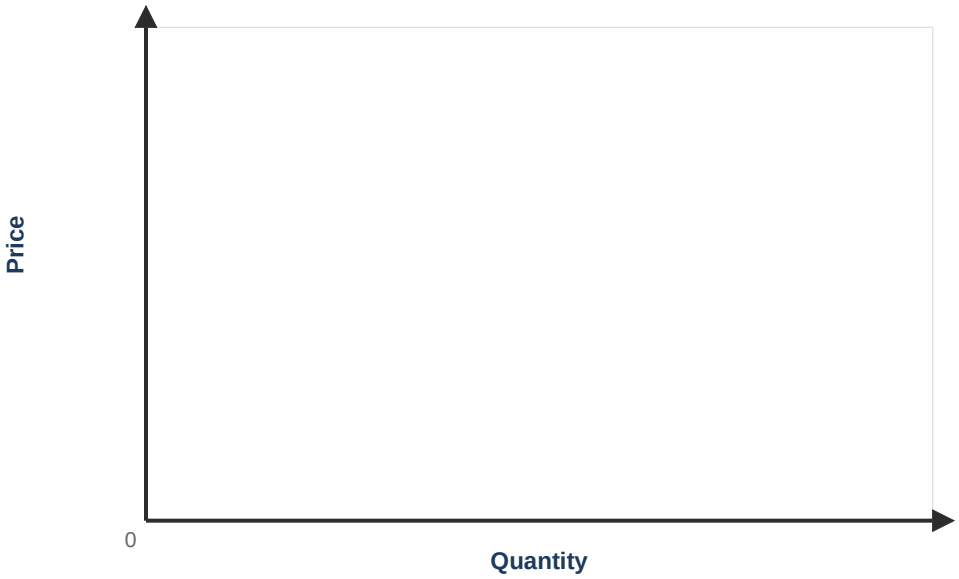
• Draw a downward-sloping Demand curve (D) and upward-sloping Supply curve (S).

• Identify the equilibrium price (Pe) and equilibrium quantity (Qe).

• Shade and label the area of Consumer Surplus (CS).

• Shade and label the area of Producer Surplus (PS).

Market Equilibrium & Surplus



Graphing Drills: Complete Answer Key

Below are the textual descriptions of the correctly drawn graphs. Use these to check your work. On the AP Exam, points are awarded for correct labels, accurate shifts/intersections, and proper shading.

Graph 1: PPC

Curve bowed outward from the origin. Point A is anywhere on the curve. Point B is inside the curve. Point C is outside the curve. The shift is an outward pivot only on the Capital Goods (Y) axis, showing the curve expanding outward on that side while the Consumer Goods intercept remains the same.

Graph 2: Market Equilibrium & Surplus

D slopes down, S slopes up, intersecting at Pe, Qe. Consumer Surplus is the triangle above Pe and below D. Producer Surplus is the triangle below Pe and above S.

Graph 3: Binding Price Ceiling

Pc is drawn as a horizontal line below Pe. At Pc, Qd is on the D curve (right), Qs is on the S curve (left). Shortage is the horizontal distance Qs to Qd. New CS is the area above Pc and below D up to Qs. New PS is the area below Pc and above S up to Qs. DWL is the triangle between D and S from Qs to Qe.

Graph 4: Binding Price Floor

Pf is drawn as a horizontal line above Pe. At Pf, Qs is on the S curve (right), Qd is on the D curve (left). Surplus is the horizontal distance Qd to Qs. New CS is the area above Pf and below D up to Qd. New PS is the area below Pf and above S up to Qd. DWL is the triangle between D and S from Qd to Qe.

Graph 5: Per-Unit Excise Tax

S+Tax shifts left of S. The vertical distance between S and S+Tax equals the tax. Pc is on the D curve at the new intersection with S+Tax. Pp is on the original S curve directly below Pc. Qt is the new quantity. Tax Revenue is the rectangle (Pc - Pp) x Qt. DWL is the triangle between D and S+Tax from Qt to Qe.

Graph 6: Tariff on Imports

Pw is a horizontal line below domestic equilibrium. Imports at Pw = Qd(Pw) - Qs(Pw). Pt is a horizontal line above Pw. New imports at Pt = Qd(Pt) - Qs(Pt). Tariff Revenue is the rectangle (Pt - Pw) x New Imports. DWL consists of two small triangles: one between S and Pt/Pw from Qs(Pw) to Qs(Pt), and one between D and Pt/Pw from Qd(Pt) to Qd(Pw).

Graph 7: Short-Run Cost Curves

ATC and AVC are U-shaped. ATC is always above AVC. MC is upward-sloping and passes exactly through the minimum points of both AVC and ATC. Break-even is the minimum point of ATC. Shut-down is the minimum point of AVC.

Graph 8: Perfect Comp: Positive Economic Profit

P1 is a horizontal line above the minimum ATC. MR = P1. Q1 is where P1 intersects MC. ATC at Q1 is below P1. Economic Profit is the shaded rectangle with height (P1 - ATC at Q1) and width Q1.

SECTION 5: EXAM-DAY STRATEGY GUIDE

5.1 Time Management & Pacing

The AP Microeconomics exam is 2 hours and 10 minutes long. It consists of two sections: Multiple-Choice (MCQ) and Free-Response (FRQ). Time management is critical to ensure you attempt every question.

Section	Format	Time Allowed	Pacing Target	Weight
I: Multiple-Choice	60 Questions	70 Minutes	~1 min 10 sec per question	66.6%
II: Free-Response	3 Questions	60 Minutes (10 min reading)	~16 min per question	33.3%

Pacing Tips:

- **MCQ Pass 1 (First 55 minutes):** Answer all the questions you know immediately. If a question will take more than 90 seconds to calculate, circle it and move on.
- **MCQ Pass 2 (Last 15 minutes):** Tackle the difficult calculation and graph analysis questions you skipped. Never leave a question blank—there is no penalty for guessing!
- **FRQ Pacing:** Question 1 is typically the longest (usually worth 10-12 points). Spend approximately 20-25 minutes on it. Spend 15-18 minutes each on Questions 2 and 3.

5.2 Question Approach Strategies

Multiple-Choice Strategies:

- **Identify the concept first:** Before reading all the choices, ask yourself, 'What unit is this? Is it elasticity, costs, or market failure?' This primes your brain for the correct answer.
- **Draw the graph:** Do not try to visualize graphs in your head. Use your scratch paper to quickly sketch the axes, the initial equilibrium, and the shift. It eliminates 90% of MCQ graphing errors.
- **Watch for qualifiers:** Pay close attention to words like ALWAYS, NEVER, EXCEPT, and NOT. These completely change the logic of the statement.
- **Eliminate two choices immediately:** AP exams usually include two obviously wrong distractors. Narrow your odds from 20% to 33% before calculating.
- **Beware of the 'True but Irrelevant' trap:** A choice might be a true economic statement, but it doesn't answer the specific question being asked (e.g., stating that P=MC in perfect competition when asked about a monopoly).

Free-Response Strategies:

- **Label EVERYTHING:** You lose points for missing labels. Every axis (P, Q, Wage, Qty of Labor), every curve (D, S, MR, MC, ATC, MSB, MSC), and every equilibrium point (P1, Q1) must be labeled.
- **Shift vs. Movement:** This is the #1 FRQ trap. A change in the good's OWN price is a movement along the curve. A change in anything else is a shift of the curve. Use the words 'shifts right/left' or