

AP Macroeconomics: Midterm Study Guide

The Basics (Ch 1-4)

- Scarcity & Opportunity Cost
- Circular Flow Model
- Production Possibilities
- Benefits of Trade
- Absolute/Comparative Advantage
- Determinants of Supply/Demand
- Changes in Supply/Demand

Growth & Measurement (Ch 23-25, 28)

- 3 Macroeconomic Goals
- GDP: Components/Transactions Included/GDP Deflator
- Unemployment Rate/Types of Unemployment
- Inflation/CPI/Unanticipated Inflation/Types of Inflation
- Determinants of economic growth

Aggregate Model (Ch 33)

- Determinants of Aggregate Supply/Demand
- Changes in Aggregate Supply/Demand
- Adjustments to Long Run Equilibrium
- Keynesian vs. Classical Theory

Saving, Investment, & Monetary Policy (Ch 26, 29-30, 34)

- Saving & Investment
- Loanable Funds & Deficits/Crowding Out
- Monetary Equation of Exchange & M1/M2
- Monetary Policy Tools & when they are used
- Fractional Reserve Banking & the Money Multiplier
- Effects of Monetary Policy
- The Money Market

Graphs

- Production Possibilities Frontier
- Supply/Demand Graph
- Aggregate Supply/Demand Model
- Loanable Funds Market
- Money Market