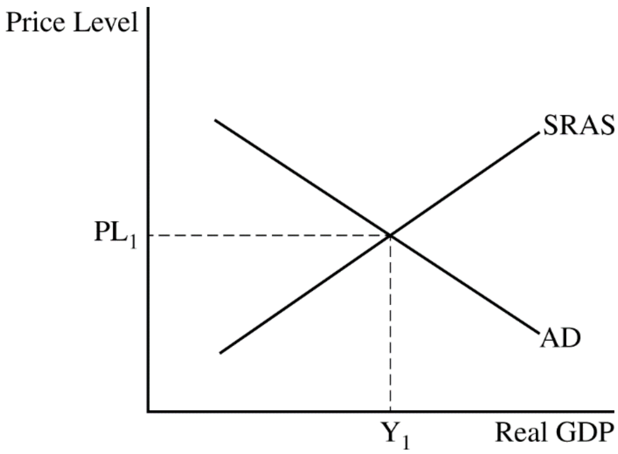
2026

AP® Macroeconomics

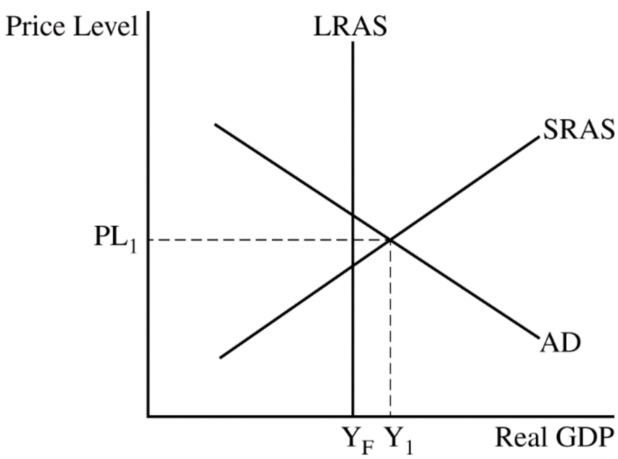
Scoring Guidelines

Question 1: Long — 10 points

A Point 1	Draw a correctly labeled aggregate demand–aggregate supply graph that shows Y_1 and PL_1 at the intersection of the aggregate demand (AD) and short-run aggregate supply (SRAS) curves.	**1 point**



Point 2	The graph must show a vertical long-run aggregate supply (LRAS) curve to the left of Y_1 and label the full-employment real output as Y_F.	**1 point**



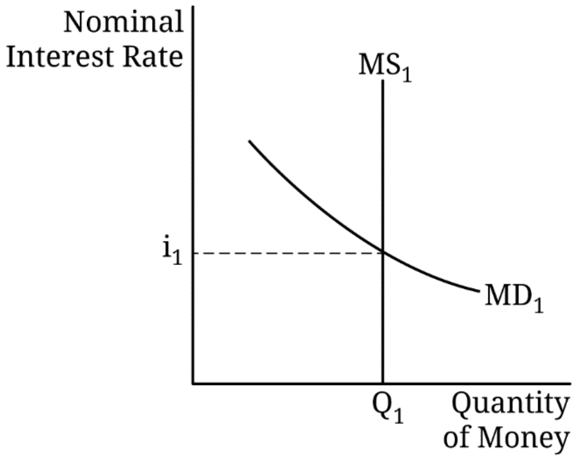
B Point 3	Explain that input prices (e.g., nominal wages) and/or inflationary expectations will increase, causing SRAS to decrease until it reaches full employment.	**1 point**

C **(i)** State that the central bank of Micanapy would sell bonds. **1 point**

Point 4

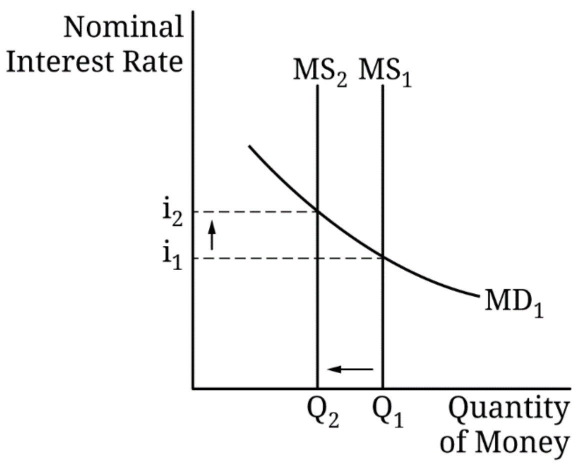
(ii) Draw a correctly labeled graph of the money market. **1 point**

Point 5



The graph must show a leftward shift of the money supply curve, resulting in an increase in the equilibrium nominal interest rate. **1 point**

Point 6



D **(i)** State that there will be an increase in the flow of international financial capital into Micanapy and explain that international investors will seek higher returns on financial assets in Micanapy. **1 point**

Point 7

(ii) State that the price of previously issued bonds in Micanapy will decrease. **1 point**

Point 8

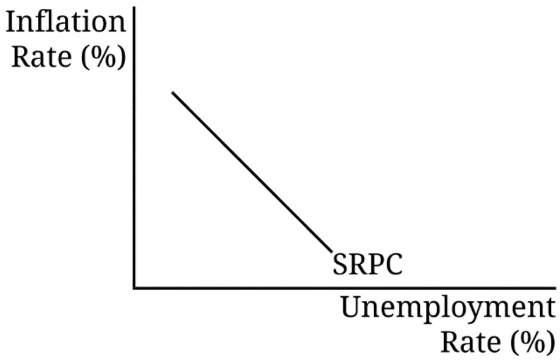
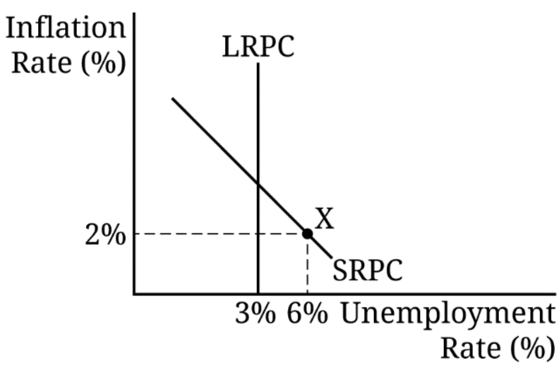
(iii) State that private domestic investment spending in Micanapy will decrease. **1 point**

Point 9

E State that the unemployment rate in Micanapy will increase and explain that the decrease in private domestic investment spending will cause a decrease in aggregate demand and real output. **1 point**

Point 10

Question 2: Short — 5 points

A Point 1	State that the number of people employed in Foxhound is 14,100,000.	**1 point**
B Point 2	Calculate the actual unemployment rate in Foxhound as 6% and show your work. $\text{Unemployment rate} = \frac{\text{Unemployed}}{\text{Labor force}} \times 100 = \frac{900{,}000}{15{,}000{,}000} \times 100 = 6\%$	**1 point**
C Point 3	Draw a correctly labeled graph of the short-run Phillips curve (SRPC).  	**1 point**
Point 4	The graph must include a vertical long-run Phillips curve (LRPC) at the natural rate of unemployment (3%) and a point labeled X on the SRPC to the right of the LRPC at the actual unemployment rate (6%) and the actual inflation rate (2%).  	**1 point**
D Point 5	State that the unemployment rate will increase and explain that when the employed individuals retire, the number of people in the labor force will decrease but the number of unemployed individuals will remain the same (because retired individuals who are not actively looking for work are not considered unemployed).	**1 point**

Question 3: Short — 5 points

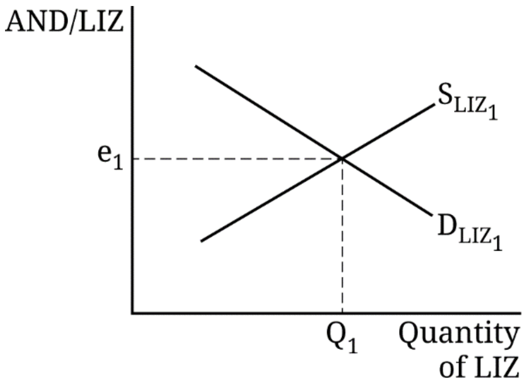
A (i) Point 1 — State that the central bank would decrease its administered interest rates or decrease interest on reserves. **1 point**

(ii) Point 2 — Calculate the minimum change in government spending as an increase of 150 million crowns and show your work. **1 point**

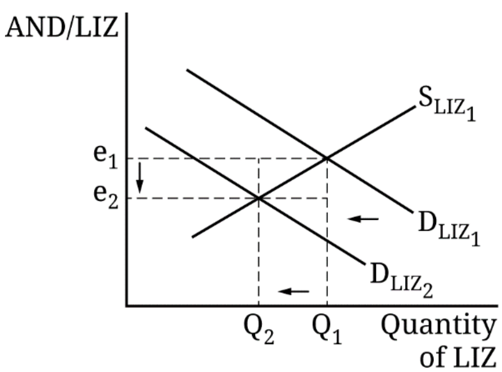
$$\text{Minimum change} = \frac{600 \text{ million crowns}}{\left(\frac{1}{1-0.75}\right)} = \frac{600 \text{ million crowns}}{4} = 150 \text{ million crowns}$$

B Point 3 — State that the price level will increase in the short run and explain that the increase in government spending will cause aggregate demand to increase. **1 point**

C Point 4 — Draw a correctly labeled graph of the foreign exchange market for the Lizland crown. **1 point**



Point 5 — The graph must show a decrease in the demand for (or an increase in the supply of) the Lizland crown, resulting in a depreciation of the crown. **1 point**



OR