2026

AP® Microeconomics

Scoring Guidelines

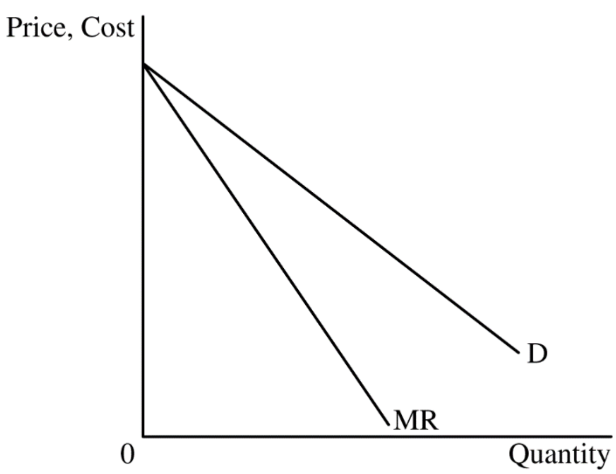
Question 1: Long — 10 points

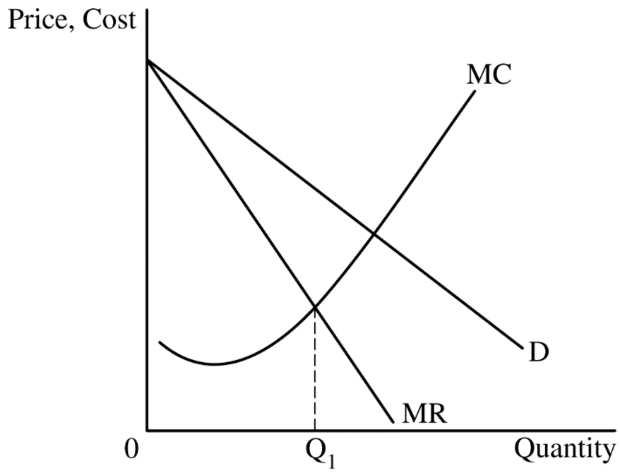
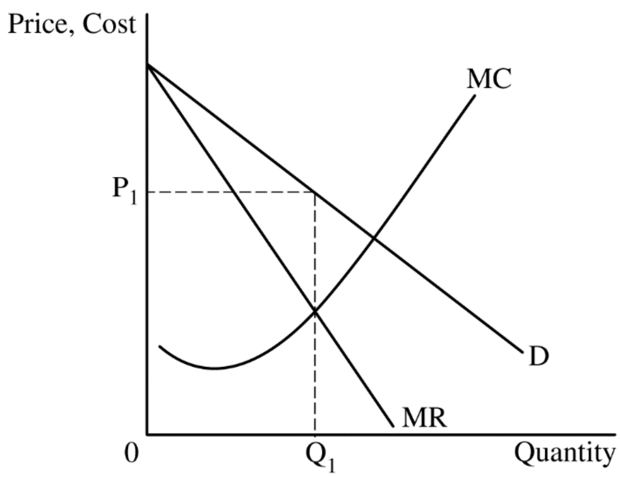
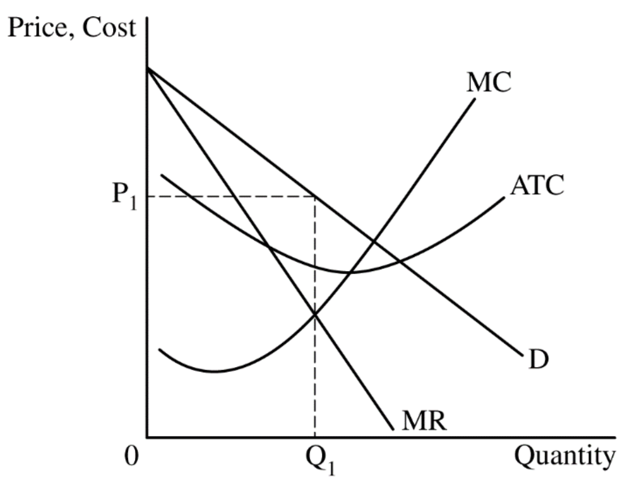
A Point 1	State that to transport its steel with Rail is Feram's most profitable strategy if Ocel chooses to produce Sheets.	**1 point**
B Point 2	State that no, Ocel does not have a dominant strategy and explain that when Feram chooses to transport its steel with Truck, Ocel's profit is higher when it chooses to produce Beams, \$125 million > \$95 million, and when Feram chooses to transport its steel with Rail, Ocel's profit is higher when it chooses to produce Sheets, \$75 million > \$25 million.	**1 point**
C Point 3	Identify the Nash equilibrium for this game as Feram chooses to transport its steel with Rail, and Ocel chooses to produce Sheets.	**1 point**
D Point 4	Redraw the payoff matrix showing how the increase in the cost of Rail transport affects the payoffs.	**1 point**

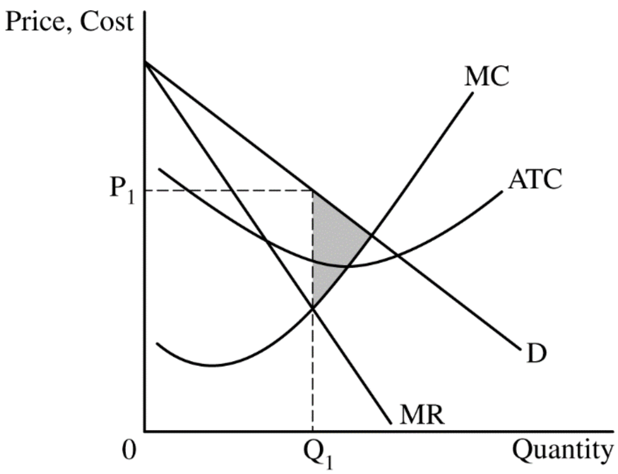
Ocel

Feram		Sheets	Beams
	Truck	\$40 million, \$95 million	\$20 million, \$125 million
	Rail	\$30 million, \$75 million	\$10 million, \$25 million

E Point 5	Draw a correctly labeled graph of Acier with a downward-sloping demand (D) curve and a downward-sloping marginal revenue (MR) curve with the MR curve below the D curve.	**1 point**



Point 6	The graph must show a rising marginal cost (MC) curve and the profit-maximizing quantity, labeled Q_1, where MR = MC. 	**1 point**
Point 7	The graph must show the profit-maximizing price, labeled P_1, from the D curve above MC at Q_1. 	**1 point**
Point 8	The graph must show the average total cost (ATC) curve below P_1 at Q_1 and show the MC curve passing through the minimum point of the ATC curve. 	**1 point**

Point 9	The graph must show the area of deadweight loss, shaded completely. 	**1 point**
F Point 10	State that Acier's profit-maximizing price of steel will remain the same and explain that the lump-sum tax does not affect Acier's marginal cost, and there would be no change to its profit-maximizing quantity.	**1 point**

Question 2: Short — 5 points

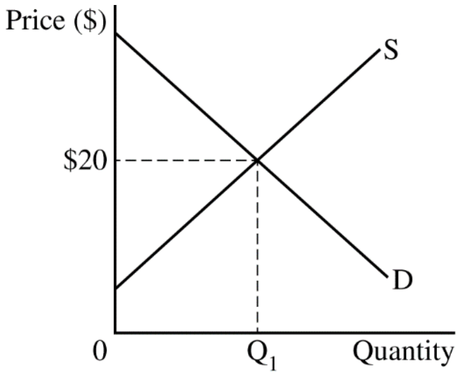
A Point 1	State that Protecto sells helmets in a perfectly competitive market.	**1 point**
B Point 2	Calculate Protecto's average variable cost when it produces 4 helmets as \$30 and show your work. $\text{Average Variable Cost} = \frac{\text{Total Variable Cost}}{\text{Quantity of Output}} = \frac{\text{Total Cost} - \text{Total Fixed Cost}}{\text{Quantity of Output}} = \frac{\$200 - \$80}{4} = \frac{\$120}{4} = \$30$	**1 point**
C Point 3	Calculate Protecto's economic profit when it sells 5 helmets as \$65 and show your work. $\text{Economic Profit} = \text{Total Revenue} - \text{Total Cost} = (\text{Price} \times \text{Quantity}) - \text{Total Cost} = (\$60 \times 5) - \$235 = \$300 - \$235 = \$65$	**1 point**
D Point 4	Identify Protecto's profit-maximizing quantity as 8 helmets and explain that the eighth helmet increases economic profit because the marginal revenue (price) of the eighth helmet, \$60, is greater than the marginal cost of the eighth helmet, \$55, while the ninth helmet decreases economic profit because the marginal revenue (price) of the ninth helmet, \$60, is less than the marginal cost of the ninth helmet, \$65.	**1 point**
E Point 5	State that the market price of helmets will decrease and explain that positive economic profits in the short run will encourage new firms to enter the market, increasing the market supply of helmets in the long run.	**1 point**

Question 3: Short — 5 points

A

Point 1

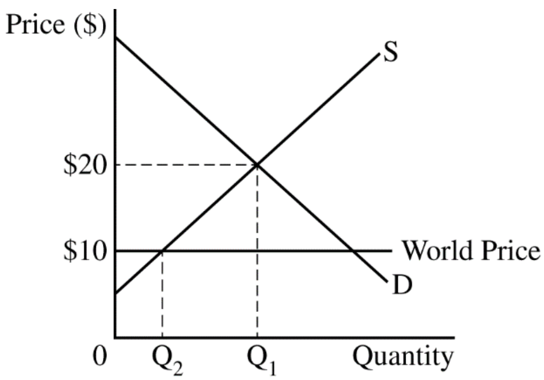
Draw a correctly labeled graph of the market for cucumbers with a downward-sloping demand (D) curve and an upward-sloping supply (S) curve, and show the equilibrium price, labeled $20, and the equilibrium quantity, labeled Q_1. **1 point**



B (i)

Point 2

The graph from part A must show the world price of cucumbers, labeled $10, below the domestic equilibrium price, and the quantity of cucumbers sold by domestic producers, labeled Q_2, where the world price ($10) intersects the supply curve. **1 point**

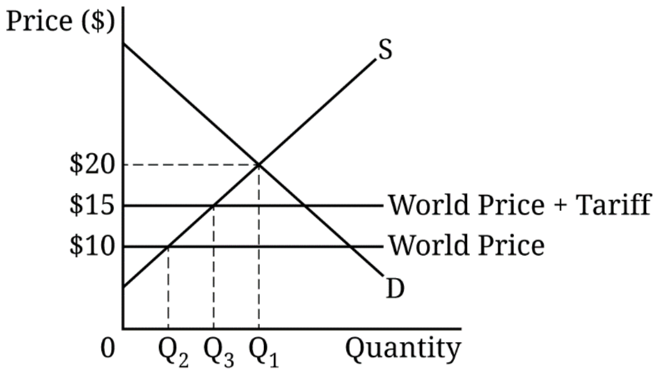


(ii)

Point 3

State that the total economic surplus in Gurkeland will increase. **1 point**

C Point 4	**(i)**	The graph from part A must show the new quantity of cucumbers that will be sold by domestic producers as a result of the $5 tariff imposed on the import of cucumbers, labeled as Q_3, where the world price with the $5 tariff intersects the supply curve.	**1 point**



Point 5	**(ii)**	State that domestic producer surplus will increase and explain that domestic producers will sell a larger quantity of cucumbers at a higher price.	**1 point**