



Microeconomics Ultimate Cheat Sheet

Directions: Fill out this blank version then check your answers with the answer key.

| Formulas | |
|----------------------------|-------------------------|
| Utility Maximizing Rule: | Average Total Cost = |
| Percent Change = | Average Variable Cost = |
| Elasticity Demand/Supply = | Average Fixed Cost = |
| Cross-Price Elasticity = | Total Revenue = |
| Income Elasticity = | Profit = |
| Consumer Surplus = | Profit Maximizing Rule: |
| Marginal Product = | Least Cost Rule: |
| Marginal Cost = | Marg. Revenue Product = |
| Total Cost = | Marginal Factor Cost = |

Things to Remember

Comparative advantage- A country makes a good at a lower _____ than another country

Elasticity- When price elasticity of demand coefficient is greater than 1, the demand is _____

When price elasticity of demand coefficient is less than 1, the demand is _____

When price elasticity of demand coefficient is zero, the demand is _____

When the cross-price elasticity is positive, the two goods are _____

When the income elasticity is positive, the product is a _____

Total revenue test- When demand is inelastic, an increase in the price will _____ the total revenue

Double shifts- When two curves shift at the same time, either price or quantity will be _____

Price controls- To be bidding, price ceilings go _____ equilibrium and price floors go _____ equilibrium

Costs- Use marginal cost to determine the _____. Use average total cost to calculate _____

Perfect competition- In the product market, marginal revenue is horizontal because firms are _____

Shut-down rule- Firms should shut down if the price falls below the _____

Monopolies- Price is higher and output is lower than competitive markets causing _____

Factor markets- In competitive markets, marginal factor cost is horizontal because firms are _____

Government Regulation- A lump sum tax does not change quantity because it only affects the _____

Negative externalities- Too much output is made because the MSC is _____ than marginal private cost

Positive externalities- Too little output is made because the MSB is _____ than marginal private benefit



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Essential Graphs

| | | |
|--------------------------------|------------------------------------|-------------------------------|
| Production Possibilities Curve | Supply and Demand (CS + PS) | Price Ceiling (CS, PS, DWL) |
| Tax (Tax Revenue and DWL) | Perfect Competition (Firm, Profit) | Perfect Comp (Firm, Long-run) |
| Elastic and Inelastic Ranges | Monopoly (Profit, DWL) | Monopolistic Comp (Long-run) |
| Perf. Competitive Labor (Firm) | Negative Externality (DWL) | Positive Externality (DWL) |



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Additional Graphs and Concepts

| Supply and Demand (Trade) | MC, ATC, AVC (Shut Down) | Total, Variable, & Fixed Cost | | | | | | | | | | | | | | | | | | | | | |
|----------------------------|--|-------------------------------|-------|--------|-------------------|--|------------------|--|--|--|--|--|--------|-------------------|--------|-------|-------|-------|------------------|--------|-------|--------|-------|
| Long-Run ATC | <p style="text-align: center;">Payoff Matrix (Dominant Strategy, Nash Equilibrium)</p> <p style="text-align: center;">Firm A</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" rowspan="2"></th> <th colspan="2" style="text-align: center;">Charge High Price</th> <th colspan="2" style="text-align: center;">Charge Low Price</th> </tr> <tr> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <th rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">Firm B</th> <th style="text-align: center;">Charge High Price</th> <td style="text-align: center;">\$1200</td> <td style="text-align: center;">\$800</td> <td style="text-align: center;">\$700</td> <td style="text-align: center;">\$600</td> </tr> <tr> <th style="text-align: center;">Charge Low Price</th> <td style="text-align: center;">\$1000</td> <td style="text-align: center;">\$900</td> <td style="text-align: center;">\$1000</td> <td style="text-align: center;">\$500</td> </tr> </tbody> </table> | | | | Charge High Price | | Charge Low Price | | | | | | Firm B | Charge High Price | \$1200 | \$800 | \$700 | \$600 | Charge Low Price | \$1000 | \$900 | \$1000 | \$500 |
| | | Charge High Price | | | Charge Low Price | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| Firm B | Charge High Price | \$1200 | \$800 | \$700 | \$600 | | | | | | | | | | | | | | | | | | |
| | Charge Low Price | \$1000 | \$900 | \$1000 | \$500 | | | | | | | | | | | | | | | | | | |
| Perfect Competition (Loss) | Monopoly (Loss) | Perfect Price Discrimination | | | | | | | | | | | | | | | | | | | | | |
| Monopsony | Natural Monopoly | Lorenz Curve | | | | | | | | | | | | | | | | | | | | | |