

# Opportunity cost

**Microeconomics - year10**



# Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



# Part1-Multiple choice

1. A firm is deciding whether to produce good A or good B for the next five years. The predicted revenue for good A is \$30000 per year and for good B is \$20,000 per year. What is the opportunity cost of producing good A?

- A. \$ 20,000
- B. \$ 30,000
- C. \$100,000
- D. \$ 120,000

# Part1-Multiple choice

## 2. What is opportunity cost?

- A. the allocation of resources in an economy.
- B. the cost to third parties who not involved in the decision making.
- C. the next best alternative forgone when making a choice
- D. the scarcity of goods and services available to meet unlimited wants.

# Part1-Multiple choice

**3. What is the opportunity cost for a consumer spending money on a holiday?**

- A) The potential interest that could have been earned if the holiday money had been saved
- B) The price paid for the air ticket to the holiday destination
- C) The waste generated during the holiday, impacting the local community
- D) The satisfaction the consumer gains from the holiday

# Part1-Multiple choice

**4. A student has nothing to do on a Friday evening. She withdraws \$10 from the \$200 she has in a savings account and buys a present to take to a party, to which admission is free. What does this involve?**

A an opportunity cost equal to \$190

B an opportunity cost equal to other goods she could have bought for \$10

C no opportunity cost, as entrance to the party is free

D no opportunity cost, as she had no better way of using the time

# Part1-Multiple choice

5. A farmer decides to grow coffee bean instead of wheat.

What is the opportunity cost of growing coffee bean ?

A the output of wheat

B the price of coffee bean

C the profit from growing coffee bean

D the time spent preparing coffee bean

# Part2-Essay

1. Explain two potential opportunity costs for students when they choose to study instead of working. [4]
2. Explain how the economic problem forces consumers to make choices. [4]
3. Explain the possible opportunity cost to China of exporting more coffee bean. [4]

# The End

