

### What is Economics

Economics is the study of how human beings making choices to best allocate limited resources among competing uses, to maximise and improve welfare

### What is the Central Economic Problem

Scarcity : A situation where limited resources available is insufficient to fulfil the unlimited wants of society

Due to scarcity, economic agents have to make choices/decisions

### What is opportunity cost

When making choices, we may have to give up the next best alternative

Opportunity cost **refers to the value of the next best alternative forgone when making a choice**

Note: when asked to calculate opportunity cost, consider only the next BEST alternative and not all the alternatives available



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