1. What is Scarcity?

- Scarcity also known as paucity, is an economics term used to refer to a gap between insufficient resources and the many theoretical needs that people expect to be met by the said resource. As a result, people are forced to decide how best to allocate a scarce resource in an efficient manner so that most of the needs and additional wants can be met. Therefore, all resources with non-zero cost in the process of consumption can be considered scarce to a given extent. However, in practice, what really matters is what we call relative scarcity.

1. What are productive resources?

- There are three kinds of productive resources: human, natural, and capital. Human resources are the strength, education, and skills of people. Natural resources are the gifts of nature that are used to produce goods and services. Water, land, and minerals are examples of natural resources.

1. What is opportunity cost?

- Opportunity cost is the cost of taking one decision over another. This cost is not only financial, but also in time, effort, and utility. Opportunity cost can lead to optimal decision making when factors such as price, time, effort, and utility are considered, It’s necessary the two or more potential options and the benefits of each. Some may place greater value on time, whilst others on price.

1. Why do trade and markets exist?

- The trade and market exist for two reasons. It allows investors in cash equity markets a place to hedge their risk of holding the security. It also gives companies another vehicle to pay employees without using cash. Just like every other market, there are active option traders that buy and sell and create liquidity. Just like the stock market, regulations have caused options exchanges become second rate places for price discovery. The volume is increasingly going into dark pools.

1. What is the difference between macroeconomics and microeconomics?

- Microeconomics is the study of economics at an individual, group or company level. Whereas Macroeconomics is the study of a national economy as a whole. Microeconomics focuses on issues that affect individuals and companiess.

1. Why are economic models being useful to economists?

- An economic model is a simplified version of reality that allows us to observe, understand, and make predictions about economic behavior. The purpose of a model is to take a complex, real-world situation and pare it down to the essentials. Sometimes economists use the term theory instead of model.