

※ 考生請注意：本試題不可使用計算機。請於答案卷(卡)作答，於本試題紙上作答者，不予計分。

Part 1 : Choose ONE and only ONE answer (total: 60%)

1. The principal-agent problem is less likely to be mitigated by which of the following approach?
 - a. ownership
 - b. stock options
 - c. board monitoring mechanism
 - d. straight salary contracts

2. With a low real interest rate, the currency of this country is typically expected to be:
 - a. weak, since the nominal interest rate would be high relative to the inflation rate.
 - b. strong, since the nominal interest rate would be low relative to the inflation rate.
 - c. strong, since the nominal interest rate would be high relative to the inflation rate.
 - d. weak, since the nominal interest rate would be low relative to the inflation rate.

3. Assume the currency of UAE is pegged to US dollar. When US dollar depreciates against Euro. It is likely that UAE will export ____ to Germany and import ____ from Germany.
 - a. more; more
 - b. less; less
 - c. more; less
 - d. less; more

4. A strong pound would place ____ pressure on the UK inflation, and in turn place ____ pressure on the pound.
 - a. upward; upward
 - b. downward; upward
 - c. upward; downward
 - d. downward; downward

5. Which of the following is correct about purchasing power parity between Countries A and B?
 - a. If A's inflation rate exceeds B's inflation rate, A's currency will weaken.
 - b. If A's interest rate exceeds B's inflation rate, A's currency will weaken.
 - c. If A's interest rate exceeds B's inflation rate, A's currency will strengthen.
 - d. If B's inflation rate exceeds A's inflation rate, A's currency will weaken.

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6. Based on risk-return tradeoffs in financial markets, which of the following securities would you expect to offer higher expected returns than large-size corporate bonds?
- government bonds
 - bank loan with similar maturity
 - common stock
 - short-term commercial paper
 - none of the above
7. If the cross price elasticity between two products is positive, the two products are referred to as:
- Complements
 - Substitutes
 - inelastic as compared to each other
 - both b and c
 - a, b, and c
8. An increase in the quantity demanded could be caused by:
- an increase in the price of substitute goods
 - an increase in the price of complementary goods
 - an increase in consumer income levels
 - all of the above
 - none of the above
9. Assume that the Australia inflation rate is higher than Taiwan inflation rate. This will cause Taiwanese consumers to ____ their imports from Australia and Australian consumers to ____ their imports from Taiwan. According to purchasing power parity (PPP), this will result in a(n) ____ of the Australian currency.
- reduce; increase; appreciation
 - increase; reduce; depreciation
 - reduce; increase; depreciation
 - increase; increase; appreciation

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10. When are consumers in equilibrium with respect to the consumption of two goods?
- the ratio of marginal utility to price is equal for both goods.
 - the ratio of the marginal utility of B to the marginal utility of A is equal to the ratio of the price of A to the price of B.
 - the ratio of the marginal utility of A to the marginal utility of B is equal to the ratio of the price of B to the price of A.
 - the marginal utility of both goods is identical, regardless of the price.
 - b and c

Part II. Essay Questions (total 40%)

- (15%) Explain what agency cost is in a company. Provide a specific example of agency cost between managers and shareholders.
- (10%) Effective October 1 2016, IMF adds Chinese Renminbi (RMB) to Special Drawing Rights (SDR) Basket. What is SDR? Please briefly discuss its effects on RMB.
- (15%) Why are job markets for fresh graduates are considered as one with information asymmetry? Explain how to overcome the problem of information asymmetry in job markets?