

系 所：國際企業研究所

考試科目：經濟學

考試日期：0206，節次：2

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**Part I: (total 75%)** Choose only **ONE BEST** answer for each of the following questions

1. The Golden State Warriors have just won the 2017 NBA championships. The superstar Stephen Curry wearing Under Armour (UA) basketball shoes delivered impressive performance. As a result, millions of teenagers wish to emulate Curry in every particular. Nevertheless, UA just announces major labor strikes by 50% of their employees. How would the basketball shoes of UA be influenced?
  - A. price would increase and quantity exchanged would decrease.
  - B. price and quantity exchanged would both decrease.
  - C. price would increase and quantity exchanged would be indeterminate.
  - D. price would be indeterminate and quantity exchanged would not change.
  - E. there is not enough information to determine either price or quantity.
2. Which of the following is **NOT** consistent with the prediction by the law of diminishing marginal utility?
  - A. You enjoy your 5th hamburger more than your first one.
  - B. You feel the effort for preparing for a party is greater than the happiness gained.
  - C. You feel less interested in working for more wealth when you are richer.
  - D. You have to work much harder to gain extra points when your grade is already on the top of your class than the case that your grade is in the middle level.
3. Statistics shows that divorce rates are higher in urban areas than rural areas. Which one of the following explanation is **NOT** derived from Economic Theories?
  - A. the opportunity cost of divorce for women in rural areas is higher than for women in urban areas.
  - B. the benefits from marriage are greater in rural areas than in urban areas.
  - C. life tends to be less stressful in rural areas than in urban areas.
  - D. women in urban areas have more earning capacity than women in rural areas.
4. When income is spent among commodities A and B so as to maximize total utility, then a decrease in the price of commodity A will lead the household to buy more of commodity A:
  - A. because the marginal utility of a unit of commodity A has increased
  - B. because a dollar spent on commodity A will now yield less utility than before the decrease in price.
  - C. because a dollar spent on commodity B would now yield less utility than if spent on commodity A.
  - D. because the marginal utility of a unit of commodity A has decreased.
5. The concept of a firm's "normal" profit is:
  - A. the net profit that equals to total revenues minus total costs.
  - B. the required rate of returns to capital and risk taking just necessary to prevent firms from withdrawing from the industry.
  - C. the same as accounting profits.
  - D. the excess of revenue over full economic costs including required rate of returns to capital and risk taking.

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6. Given other factors constant, consumers' surplus would go up by:
  - A. a simultaneous leftward shifts of both the demand and supply curves that leave price unchanged.
  - B. a leftward shift in supply curve.
  - C. an increase in price.
  - D. a rightward shift in supply curve.
  
7. An important characteristics of oligopoly is sticky prices. When economists state that prices are sticky with respect to oligopolistic industries, they mean that:
  - A. the prices are set by the market and firms are price-takers.
  - B. the oligopolist sets product prices to maximize profits.
  - C. prices are less responsive to changes in demand in oligopolies than in perfectly competitive markets.
  - D. oligopolies practice predatory pricing, and reduce competition.
  - E. prices are less responsive to changes in costs than in perfectly competitive markets.
  
8. Price discrimination in a monopoly:
  - A. tends to decrease the allocative inefficiency of a monopolist.
  - B. will provide more total revenue to the firm than the profit-maximizing price the monopolist would set in the absence of such discrimination.
  - C. generally results in greater output than under a single price monopoly.
  - D. all of the above.
  
9. Currently, many people are dissatisfied about the low wage level in Taiwan, and propose a raise of minimum wage above the equilibrium market wage. Which of the following is expected to happen?
  - A. the number of jobs available to relatively unskilled workers will go down.
  - B. the number of jobs available to relatively skilled workers will go up.
  - C. wage income will decrease for relatively unskilled workers.
  - D. wage income will rise for relatively skilled workers.
  - E. all of the above.
  
10. Assume the price elasticity of demand for rice is 2.0. By what percentage will quantity demanded rise if the price of rice is lowered \$4 to \$2?
  - A. 10 %.
  - B. 100 %.
  - C. 50 %.
  - D. 150 %.

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11. A theme park is having a decline in the number of admission tickets sold, dropping sales, and disappointing earnings. The ticket price is \$20 and there are 2,500 tickets sold daily on average. The estimated price elasticity of demand is 1.5 and the theme park is utilizing about 75% of capacity. Which of the following methods is most likely to increase the ski area's revenues and profits?
  - A. a 10 % increase in the ticket price.
  - B. aggressive advertising campaign.
  - C. a 10 % increase in the ticket price and an aggressive advertising campaign.
  - D. a 10 % decrease in the ticket price.
12. A firm competing in a perfectly competitive industry operates in the following position: production: 100 units; product unit price: \$3; total cost: \$700; fixed cost: \$200; marginal cost: \$3. To achieve optimum output, the firm should:
  - A. reduce output but keep producing.
  - B. increase its selling price.
  - C. leave output unchanged.
  - D. reduce output to zero.
  - E. increase output but keep its price constant.
13. In the short run, the firm's production curves do **NOT** have which of the following relationships:
  - A. Average product of labor is at its maximum when marginal product of labor is equal to average product of labor.
  - B. Total product of labor is at its maximum when marginal product of labor is equal to 0.
  - C. Total product of labor begins to decrease when average product of labor begins to decrease.
  - D. When marginal product of labor is less than average product of labor, average product of labor is decreasing.
14. The advertisement of "*the bigger the volume, the lower the unit cost, and savings are passed on to you*" suggests that:
  - A. average cost remains constant as output expands.
  - B. decreasing returns to scale exists in production.
  - C. increasing returns to scale exists over the foreseeable level of output.
  - D. a decline in raw material prices exists as the output increases and it will pass these lower costs on to you by a lower price.
15. Comparing with firms in pure competition, firms in a monopolistic industry is expected to:
  - A. gain economic profits in the long-run given sufficient barriers to entry do exist.
  - B. gain only normal profits in the long-run.
  - C. be able to sustain consistent economic losses and still survive in the long-run due to substantial economies of scale.
  - D. survive only in the short-run if it operates inefficiently.
  - E. make economic profits even if short-run total costs exceed total revenue.

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**Part II.**

1. In foreign exchange market, there are spot and forward markets. The following is the quotes of Euro to US dollar from *Investing.com* on January 15, 2018. As shown in the table, the spot rate of one Euro is 1.2073 US dollar. Forward rates for various periods are provided.
  - A. (5%) What is a forward rate? What will happen when you engage in a forward rate transaction?
  - B. (5%) Why are forward rates used, in which kind of situations?
  - C. (5%) Interest rate is one important factor determining forward rate. Please specify the exact relationship between forward rate and interest rate.
  - D. (10%) What will happen if the relationship does not hold? How does the relationship go back to equilibrium when it does not hold?

↑ **1.2073** +0.0006 (+0.05%)

© 01:35:26 GMT - Real-time Data. (Disclaimer)

Type: Currency  
Group: Major  
Base: Euro  
Second: US Dollar

Prev. Close: 1.2067 Bid/Ask: 1.2073 / 1.2073 Day's Range: 1.2065 - 1.2080

**Start Trading**

your capital is at risk

**EUR/USD Forward Rates**



Name :	Bid	Ask	High	Low	Chg. :	Time :
EURUSD ON FWD	1.9400	2.0300	2.0300	0.7000	1.3100	1:20:00
EURUSD TN FWD	0.6630	0.6850	2.0240	0.6740	-1.3570	1:24:00
EURUSD SN FWD	0.6700	0.7000	0.6720	0.6790	0.0000	1:17:00
EURUSD SW FWD	4.7200	4.8600	5.4700	4.8000	-0.6600	1:25:00
EURUSD 2W FWD	9.5700	9.7500	9.6100	9.6400	0.1000	1:24:00
EURUSD 3W FWD	14.2800	14.5100	14.4300	14.4400	-0.0800	1:17:00
EURUSD 1M FWD	21.4600	21.8600	21.6000	21.3200	0.0300	1:24:00
EURUSD 2M FWD	41.2800	41.6600	41.6600	41.0700	0.1400	1:25:00
EURUSD 3M FWD	67.9700	68.4700	68.6000	67.9200	-0.4800	1:24:00
EURUSD 4M FWD	91.5700	92.3700	92.1500	91.5000	0.3500	1:25:00
EURUSD 5M FWD	117.2800	118.4800	118.5000	116.2000	1.5900	1:25:00
EURUSD 6M FWD	143.2000	144.5000	144.2500	142.7500	-0.1800	1:24:00
EURUSD 7M FWD	169.4000	171.4000	170.7400	169.6000	-0.1700	1:25:00
EURUSD 8M FWD	196.7500	198.9400	198.4000	197.8600	-1.4500	1:25:00
EURUSD 9M FWD	224.9800	226.9900	226.2500	225.1000	0.3000	1:24:00
EURUSD 10M FWD	252.2400	255.6200	253.1900	253.3200	-0.4300	1:24:00
EURUSD 11M FWD	280.3900	284.3900	282.5000	281.9600	-1.2500	1:24:00
EURUSD 1Y FWD	312.8900	316.6800	313.8100	313.4700	-0.6300	1:24:00
EURUSD 15M FWD	398.1800	404.1300	399.5000	396.5000	-0.6700	1:25:00
EURUSD 21M FWD	581.9700	577.8600	573.7900	569.1000	-8.2200	1:24:00
EURUSD 2Y FWD	658.3000	668.0600	659.5000	657.7000	-0.1500	1:24:00
EURUSD 3Y FWD	983.6000	997.1000	987.3000	994.6000	6.0500	1:22:00
EURUSD 4Y FWD	1278.7000	1296.7000	1283.5000	1292.9000	7.3900	1:23:00