

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Introduction to Economic

Subject Code : CCN2002

Session : Semester One, 2017/18

Numerical Answers

Question B2

- (a) Inflation rate of 2016: 5%; Inflation rate of 2017: 6.67%

Question B3

- (a) annual explicit costs: \$360,000
annual implicit costs: \$230,000
economic profit: \$10,000

Question C1

- (a) Excess reserve: \$100 billion
(b) Money supply: \$1,400 billion

Question C2

- (c)(i) Gross Domestic Product (GDP) at market value : \$29,180 million
(c)(ii) Gross Domestic Product (GDP) at factor cost: \$26,780 million

(d)

Working-age population	179,275,000
Unemployment	7,171,000
Labor force	143,420,000

Question D2

- (b) Profit-maximizing price and output: \$110 and 45 units
Total Profit: \$3,450
(d)(ii) After the market opens up and becomes competitive, total surplus increases from \$6,075 to \$8,100