

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Introduction to Economics

Subject Code : CCN2002

Session : Semester One, 2018/19

Numerical Answers

Remarks: Workings are removed from these numerical answers. However, students are expected to provide the workings of calculation to complete the answers in the exam paper.

Question B2

- (a) The cost of CPI basket in the year 2010: \$150,800
The cost of CPI basket in the year 2017: \$158,960
- (b) The CPI of 2017 : 105.41
- (c) Inflation rate of 2017 : 1.36%

Question C1

- (b) GDP : \$4,630 million

Question C2

- (b) The actual reserve ratio: 0.24 or 24%
The required reserve ratio: 0.14 or 14%
Money Supply: \$2,500 billion
- (c) New Money Supply: \$4,040 billion

Question D1

- (a) Consumer surplus: \$162; Producer surplus: \$540

Question D2

- (b) Total opportunity costs of operating Lucy's cookies shop in the first year: \$642,000
Total economic profit of operating Lucy's cookies shop in the first year: \$318,000