

Subject Description Form

Subject Code	AF3620
Subject Title	Intermediate Microeconomics
Credit Value	3
Level	3
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	<p>Pre-requisite: AF1B02 Introduction to Economics <i>OR</i> AF1605 Introduction to Economics <i>OR</i> AF2601 Introduction to Economics <i>OR</i> AF3625 Engineering Economics</p>
Role and Purposes	<p>This subject extends the coverage in the introductory economics course by focusing on modern and advanced calculus-based microeconomic theories. It addresses the decision making processes of consumers and producers on a solid mathematical ground. Microeconomic tools discussed in the course illustrate how consumers, firms, and policy makers analyze and solve their problems in the presence of scarcity.</p> <p>This subject also contributes to the achievement of the BBA (Hons) Programme Outcomes by training students to apply critical thinking in different business contexts (outcome 3a), to appraise the economic values created in the allocation of resources (outcome 8a), and to specify parameters of strategic choice within which business organizations set objectives and take actions (outcome 10b).</p>
Subject Learning Outcomes	<p>Upon completion of the subject, students will be able to:</p> <ol style="list-style-type: none"> a. Understand how calculus and advanced mathematical modelling help develop various microeconomic theories. b. Explain the behaviour of individuals, firms, and markets using advanced microeconomic tools. c. Analyse and solve real world microeconomic issues faced with consumers, firms, and policy markers.
Subject Synopsis/ Indicative Syllabus	<p>Consumer's Constrained Choice The economic model. Demand and supply revisited. Indifference curve and preference theory. Budget Constraint concept. Utility theory and maximization.</p> <p>Advanced Demand Theories Demand and elasticity concepts. Analysis of substitution and income effects. Lump sum principles. Substitutes and compliments ideas. Intertemporal choice concepts. Slutsky equation.</p> <p>Theories of the Firm Production process. Production function. Isoquants. Various cost concepts. Firm supply curve and elasticity. Conditions for profit maximization. Alternatives to profit maximization.</p> <p>Competitive Firms and Market</p>

	<p>Properties and application of the competitive model. Consumer and producer surplus. Market equilibrium. Economic welfare concept. Various forms of inefficiency.</p> <p>Analysis of Other Forms of Market Structure Monopoly. Pricing and advertising. Monopolistic competition and oligopoly. Cournot model. Duopoly. Price leadership model. Game theory and Nash equilibrium.</p> <p>Factor Market Demand for and supply of labour. Equilibrium wage rate determination. Demand for and supply of capital. Equilibrium interest rate determination. Demand for and supply of natural resources. Equilibrium rent determination. Hotelling principle. Ricardian rent theory.</p> <p>Other Microeconomic Concepts Externalities. Public Goods. Asymmetric Information. General equilibrium.</p>																																																															
<p>Teaching/Learning Methodology</p>	<p>Lectures focus on the discussion and illustration of key microeconomic concepts, with specific reference to advanced mathematical approach and in-depth analysis.</p> <p>Tutorials provide students with the opportunity to strengthen their understanding of the concepts taught in lectures and to apply the microeconomic tools to analyze real world problems. The activities in tutorials include quizzes, discussions of problems sets and case studies.</p>																																																															
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="459 958 1479 1541"> <thead> <tr> <th rowspan="2">Specific assessment methods/tasks</th> <th rowspan="2">% weighting</th> <th colspan="6">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th>a</th> <th>b</th> <th>c</th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Continuous Assessment</td> <td>50%</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1. Quizzes</td> <td>10%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. Essay</td> <td>15%</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3. Mid-term Test</td> <td>25%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Final Examination</td> <td>50%</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>100 %</td> <td colspan="6"></td> </tr> </tbody> </table> <p>To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.</p>		Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c				Continuous Assessment	50%							1. Quizzes	10%	√	√	√				2. Essay	15%		√	√				3. Mid-term Test	25%	√	√	√				Final Examination	50%	√	√	√				Total	100 %						
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	<ul style="list-style-type: none"> ▪ Preparation for presentation and assignments 	20 Hrs.
	Total student study effort	111Hrs.
Readings and References	<p><u>Required Textbook</u></p> <p>Jeffery M. Perloff, Microeconomics with Calculus (3rd Edition), Pearson</p> <p><u>Other Useful References</u></p> <p>Hal R. Varian, Intermediate Microeconomics (8th Edition), Norton</p> <p>Hal R. Varian, Microeconomic Analysis (3rd Edition), Norton</p> <p>David M. Kreps, A Course in Microeconomic Theory, Prentice Hall</p> <p>Hugh Gravelle and Ray Rees, Microeconomics, Prentice Hall</p>	