

School of Banking and Finance - AMIF

Intermediate Microeconomics (first 7 weeks of course)

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Course Website: http://rncarpio.com/teaching/AMIF_IntermediateMicro
Lecture Room & Time: Online, Wednesday 15:20-17:40

Course Description: Microeconomics is the study of how *rational* (that is, *utility-maximizing*) agents behave. By analyzing economic situations through the lens of utility-maximizing agents, we will study the behavior of consumers, producing firms, and markets:

- The study of how a single rational agent behaves leads to the analysis of consumer and firm behavior.
- If there are very many agents who individually have little ability to change market conditions through their actions, this leads us to the (partial equilibrium) analysis of supply and demand, the analysis of market interventions, and general equilibrium.
- If there are a few agents who behave *strategically*, i.e. take the effects of their actions on other agents into account when making their decision, this leads to the subject of *game theory* with applications in oligopolies and asymmetric information.

The language of instruction for this course is English.

Prerequisites: This course will use basic algebra (e.g. finding the intersection point of two lines) heavily. There will be some parts that will require solving a maximization problem with derivatives; I will review the mathematics needed.

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Announcements, homeworks, and other course materials will be posted here.

Textbook: The textbook for the course is *Microeconomics* by Pindyck & Rubinfeld. Any recent edition will be sufficient for the course; there is little change in the core material between editions.

Grading: Course grades will be determined by an open-book midterm exam, to be held around the 7th week of the course. I will provide a list of 10-15 problems drawn from the textbook and homeworks; the exam will contain 5 questions from this list.

Homeworks: For each chapter covered, I will send out a short problem set. Although it is optional, going through the homework problems is the best way to ensure you have learned the material.

Grading Scale: The work of students is evaluated and reported in terms of the following scoring scale:

A=92-100 A-=89-91 B+= 85-88 B=81-84 B-=77-80;

C+= 73-76 C=70-72 C-= 60-69 F=failure (below 60)

Course Outline: The first half of the course will be 7 weeks long; one week will be for the midterm exam, which will be around the 7th week (I will announce the exact date in class). The tentative list of topics that we will cover (not all topics may be covered, depending on time constraints) are:

1. Basics of Supply and Demand (Ch. 2.1-2.5, 2.7)
2. Consumer Behavior (Ch. 3.1 – 3.5)
3. Individual and Market Demand (Ch. 4.1 – 4.4, Appendix to Ch. 4)
4. Uncertainty & Consumer Behavior (Ch. 5.1 – 5.3)
5. Production (Ch. 6)
6. Cost of Production (Ch. 7.1 – 7.4, Appendix to Ch. 7)
7. Market Power: Monopoly & Monopsony (Ch. 10.1 – 10.4)
8. Game Theory & Competitive Strategy (Ch. 13.1 – 13.7)