

 NYJC	PRELIMINARY EXAM 2014
	JC2 Economics H2 (9732)

Paper 2 - Essay

Tuesday
23 September 2014
08:00 – 10:15

TIME : 2 hours 15 mins

INSTRUCTIONS TO CANDIDATES

- Do not open this paper until you are told to do so.
- Attempt 3 questions, with at least one from each section.
- The number of marks is given in the brackets at the end of each question. Write your answers on the writing papers provided. If you use more than one sheet of paper, fasten the sheets together.
- Write your name, class and name of economics tutor in the space provided on the writing paper.
- **Circle the questions you have attempted in the table below, and attach this paper to the front of your answer scripts.**

Name: _____

Class: _____

Tutor's Name: _____

Question	Marks	Question	Marks
1		4	
2		5	
3		6	
Total:	/ 75		

There are 3 printed pages including this cover page

Answer **three** questions in total.

Section A

One or two of your three chosen questions must be from this section.

1. 2014 is the most profitable year ever for chicken producers. Fast food restaurants such as KFC, McDonalds, Wendy's and Burger King are betting on the birds due to rising costs of other meats. However, the outlook is bearish outside the US as feed costs rise and an outbreak of avian influenza erode demand in China, the second-largest consumer.

Bloomberg report, 2014

- (a) Using economic analysis, explain how the above changes will affect the chicken market in US and in China. [10]
- (b) Discuss how different restaurants in China might respond to the challenges mentioned in the report. [15]
2. Despite the existence of supermarket chains, such as FairPrice and Giant, the newest local online grocery retailer Redmart is confident that online grocery shopping will catch on in a big way here as time-starved consumers will increasingly value one-stop convenience shopping.

The Straits Times, 20 July 2014

In light of the market structure supermarket chains operate in, discuss whether the entry of Redmart is desirable. [25]

- 3 (a) Explain why income inequality and market dominance may lead to market failure. [10]
- (b) Evaluate the policies currently used by the Singapore government to correct these causes of market failure. [15]

Section B

One or two of your three chosen questions must be from this section.

4. Discuss the extent to which trade affects the standard of living of a country. [25]
5. The Japanese economy shrank at its fastest rate since the 2011 earthquake and tsunami in the second quarter of this year, contracting at an annual rate of 6.8%. In addition to falling exports and high government debt, spending was hit by a sales tax rise in April.

The Guardian, 13 August 2014

- (a) Explain the likely causes of recession in Japan. [10]
- (b) Discuss whether demand management policies are most appropriate in pursuing economic growth for Japan. [15]
- 6 (a) Explain how a change in the exchange rate would affect a country's balance of payments. [10]
- (b) Discuss whether maintaining a healthy balance of payments takes priority over other macroeconomic objectives. [15]

***** End of Paper *****