This is a Class 1 exam

Lebanon Evangelical School for Boys and Girls

Lebanon Evangelical School
for Boys and Girls Loueizeh - Baabda

Stage Exam 05
27APR2026

Do NOT write in this box. Your MARK will be placed here.

Subject :	Economics	
Class :	11S1 and 11S2	
Teacher :	Mr. George El Haber	
Duration :	1 hour	
Your name :		*Time taken to complete exam*
Your Class :		
Exam Room :		
How many sheets, including cover sheet :		

- Do not open this paper until the teacher in charge instructs you to do so.
- The most important thing to remember in taking an exam is NEVER PANIC.
- If you are caught cheating in this exam, you will be awarded zero for ALL exams that are taken on this day.

1. The production function for a certain product is Q= 10P-20 .
Knowing that the price is (P) and (Q) is the quantity of production.
Assuming that the price of this product increased from 10 m.u to 15 m.u. Calculate the price elasticity of production (PES). Analyze the result. **(3pts.)**

2. The Demand on a product (A) increased from 200 to 240, when the price of product (B) decreased from 100 m.u. to 80 m.u.
a) Calculate the Cross-Price Elasticity of demand of product (A), when the price of product (B) has changed. **(2pts.)**
b) Specify the relation between products (A) and (B). **(1pt.)**

3. A music streaming service increases its monthly fee from $13 to $16. Subscriber numbers fell from 200,000 to 163,000.
a) Calculate the price elasticity of demand (PED) and analyze the result. **(3pts.)**
b) Calculate the total revenue before and after the price change. **(2pts.)**
c) Many managers argue that the price increase was successful. Explain. **(2pts.)**

4. The price of a cruise trip increased by 40%, as a result the demand fell by only 60%.
a) Calculate the PED and interpret the result. **(3pts.)**
b) Use a determinant of PED to explain the elasticity of this trip. **(2pts.)**

5. As a result of the increase in the price of a specific product from 30 mu to P, the quantity demanded for this product decreased from 400 to 200 units.
Knowing that the quantity demanded changes at the same rate of that of prices:
Calculate the new price. **(3pts.)**

6. An employee in a specific company recently received a salary increase. Before the raise, his monthly income was $500, and after the raise, it became $900.
This employee pays Insurance fees for his parents (fixed at $250 per month, no matter his income).
Before the raise he used to buy 5 units of good X and after the raise his quantity demanded increased to 14 units on the same good.
Calculate YED and interpret the result. **(3pts.)**

7. On 17-05-2012, someone deposited an amount of 10,000 (ten thousand) mu in a bank, with an annual simple interest rate of 6.75%. On 01-08-2012, he/she added to the previous total sum a new capital worth 15,000 (fifteen thousand) mu at the same yearly interest rate.
Calculate the total value of the capital earned on 27-12-2012. **(2pts.)**

8. Mr. Joe deposited $30,000 in bank Audi that offers a simple interest rate of 6% yearly, he deposited the amount for a period of 6 months.

   He also deposited the same amount at Byblos bank that offers a compound interest rate of 6% as well for a period of 6 months.

   a) Calculate the interest earned after a period of 6 months in both banks. **(2pts.)**
   b) Specify the best choice for Mr. Joe, what bank he should deposit the money in. **(1pts.)**
   c) Explain the main difference in the interest earned between the two banks. **(1pts.)**

1. a) The points that show efficient use of resources are: **A, B, C, D, E, F** **(0.25 for each point)**

b) The point that shows inefficient use of resources is: **P** **(0.5 if the point is right)**

c) The Unattainable point is: **Q** **(0.5 if the point is right)**

d) Opportunity cost of moving from C to E: **(1pt. for the calculation and 0.5pts. for the analysis)**

$$\frac{Y1 - Y2}{X1 - X2} = \frac{60 - 30}{20 - 40} = \frac{30}{-20} = -1.5$$

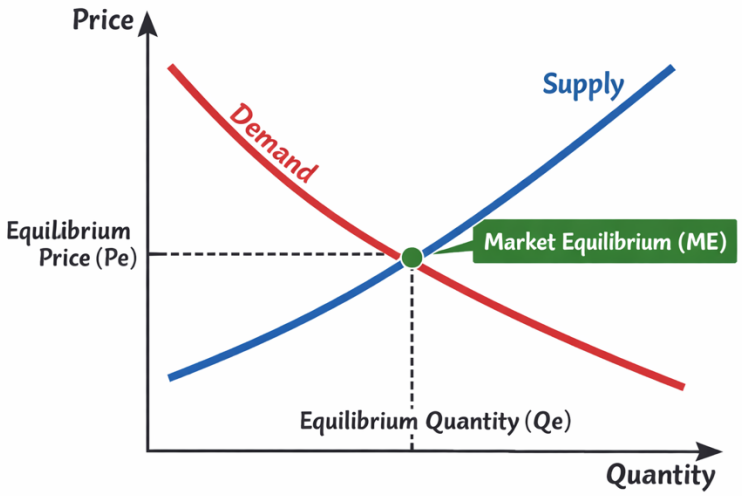
The opportunity cost per unit of moving from point C to E is 1.5
So for every agricultural good produced the country is losing 1.5 units of manufactured goods

2. **(The student will lose 0.25 for each wrong answer. Total of 2pts. On the exercise)**

Economic Issue	Microeconomic	Macroeconomic
A bakery increases the price of bread due to higher flour costs	X	
The national unemployment rate rises to 18%		X
A consumer chooses between buying a phone or saving money	X	
Inflation increases across the entire country		X
A firm decides to hire more workers due to higher demand	X	
The government increases interest rates to control inflation		X
The price of gasoline rises in a specific city	X	
Economic growth (GDP) declines for two consecutive quarters		X
A student compares prices between two universities before choosing one	X	
The central bank prints more money		X
A company reduces production due to low profits	X	
The country experiences a trade deficit		X

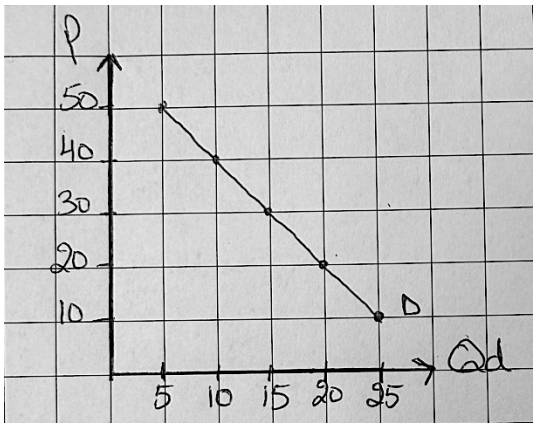
3. **Equilibrium Price(Pe)**
Equilibrium Quantity(Qe)
Market Equilibrium(ME)

(The student will lose 0.5 for each mistake. Total of 2 pts.)



4. a) As the price increases, quantity demanded decreases.
As the price decreases, quantity demanded increases.
The relationship between price and quantity demanded is inversely proportional. **(1pts.)**

b) **(2pts.)**



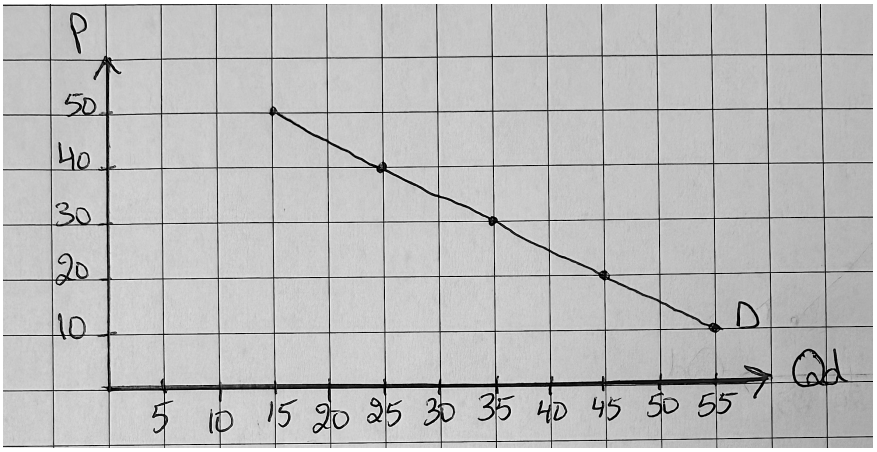
c) Individual 1 shows ccontraction because as price is increasing quantity demanded is decreasing showing a contraction in quantity demanded. **(1pt.)**

d) Individual demand studies the behavior of the quantity demanded of one individual to a change in price, while the market demanded studies the behavior of the quantity demanded of more than one individual to a change in price. **(2pts.)**

e) **(2pts.)**

Price ($)	Quantity Demanded of Individual 1	Quantity Demanded of Individual 2	Market Demand
10	25	30	55
20	20	25	45
30	15	20	35
40	10	15	25
50	5	10	15

f) **(2pts.)**



g) Decrease income of all employees working in Lebanon → Decrease demand on all products (Income) **(2pts.)**

